State of Washington
Office of Financial Management

Single Audit Report

For the Fiscal Year Ended June 30, 2006

March 2007

Single Audit Report

For the Fiscal Year Ended June 30, 2006

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STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

March 30, 2007

John Fisher, Manager
National External Audit Review Center
U.S. Department of Health and Human Services
1100 Walnut Street, Suite 1750
Kansas City, MO 64106-2197

Dear Mr. Fisher:

We are pleased to submit the state of Washington's twentieth *Single Audit Report* and related reporting package for the fiscal year ended June 30, 2006.

This audit report complies with state and federal audit requirements, including the Revised Code of Washington (RCW) 43.09.310; Title 31, Chapter 75, United States Code, as amended by the Single Audit Act Amendments of 1996; and the U.S. Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

This document contains the following reports and schedules:

- Independent Auditor's Report on Financial Statements
- Basic Financial Statements with Related Notes and Required Supplementary Data
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133
- Schedule of Findings and Questioned Costs
- Schedule of Expenditures of Federal Awards with Related Notes and Supplemental Information
- Corrective Action Plan
- Summary Schedule of Prior Audit Findings

The state's Basic Financial Statements are reproduced in this report. The complete Comprehensive Annual Financial Report (CAFR) is available online at http://www.ofm.wa.gov/cafr/default.asp.

We greatly appreciate the assistance we received from the State Auditor's Office, the U.S. Department of Health and Human Services, and other state and federal agencies in resolving single audit issues.

Respectfully submitted,

Victor A. Moore
Director

cc: The Honorable Christine Gregoire, Governor
The Honorable Members of the Washington State Legislature

Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

December 18, 2006

The Honorable Christine Gregoire
Governor, State of Washington

Dear Governor Gregoire:

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 fiscal year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Workers' Compensation Fund of the Department of Labor and Industries, Washington's Lottery, Department of Retirement Systems, Local Government Investment Pool, University of Washington, Western Washington University, and the funds managed by the State Investment Board. Those financial statements reflect total assets 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 Total Revenues/Additions
Governmental Activities	14.5%	8.6%
Business-Type Activities	75.3%	43.8%
Higher Education Special Revenue Fund	59.6%	51.8%
Higher Education Endowment Fund	97.2%	94.9%
Higher Education Student Services Fund	68.3%	82.1%
Workers' Compensation Fund	100%	100%
Aggregate Discretely Presented Component Units and Remaining Fund Information	89.5%	71.1%

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned entities and funds are based upon the reports of 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 of material misstatement. The financial statements of the Workers' Compensation Fund of the Department of Labor and Industries, Washington's Lottery, Department of Retirement Systems, Local Government Investment Pool, University of Washington, and Western Washington University were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

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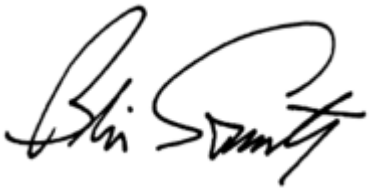
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Washington as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the State of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the required supplementary information are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



BRIAN SONNTAG, CGFM

STATE AUDITOR

Management's Discussion and 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, 2006. 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 of the state of Washington exceeded its liabilities by $20.8 billion (reported as *net assets*). Of this amount, $(2.7) billion was reported as "unrestricted (deficit) net assets." A negative balance indicates that no funds were available for discretionary purposes.

- The state of Washington's governmental funds reported combined ending fund balance of $10.4 billion, an increase of 13 percent compared with the prior year.

- Unreserved fund balance for the General Fund was $569 million, or 3.1 percent of total General Fund expenditures.

- The state's capital assets increased by $1.3 billion while total bond debt increased by $844 million during the current fiscal year.

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 - 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.

The S*tatement of Net Assets* presents information on all of the state of Washington's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the state of Washington is improving or deteriorating.

The S*tatement of Activities* presents information showing how the state's net assets changed during the most recent fiscal year. All changes in net assets 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, unemployment compensation, and health insurance programs, as well as various higher education student services such as housing and dining.

The government-wide financial statements can be found on pages C-17 through C-21 of this report.

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

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

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 non-major funds. The state's major governmental funds are the General Fund, Higher Education Special Revenue Fund, and the Higher Education Endowment Permanent Fund. Individual fund data for the state's non-major governmental funds are provided in the form of *combining statements* elsewhere in this report.

The governmental fund financial statements can be found on pages C-23 through C-27 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, 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, and the Higher Education Student Services Fund, which are considered to be major funds, as well as an aggregated total for all non-major enterprise funds. The internal service funds are combined for presentation purposes. Individual fund data for the state's non-major proprietary funds are provided in the form of *combining statements* elsewhere in this report.

The proprietary fund financial statements can be found on pages C-28 through C-31 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 statement 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 C-32 through C-33 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 one major component unit, the Washington State Public Stadium Authority, and four non-major component units. Refer to Note 1 on page C-37 for more detailed information. Individual fund data for the state's non-major component units are provided in the form of combining statements elsewhere in this report.

The financial statements for the state's component units can be found on pages C-34 through C-35 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 C-36 through C-111 of this report.

Other required information. In addition to this discussion and analysis, this report also presents required supplementary information on budgetary comparisons, pension plan funding, and infrastructure assets reported using the modified approach. Required supplementary information can be found on pages C-113 through C-135 of this report.

The combining statements referred to earlier are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 159 through 213 of the *Comprehensive Annual Financial Report* (CAFR).

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the state of Washington, total assets exceed liabilities by $20.8 billion at June 30, 2006 as compared to $18.4 billion at June 30, 2005 (as restated).

The largest portion of the state's net assets (77.1 percent for Fiscal Year 2006 as compared to 84 percent for Fiscal Year 2005 (as restated)) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), 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.

State of Washington's Net Assets

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2006	2005*	2006	2005	2006	2005
Current and other assets	$ 15,537	$ 14,210	$ 18,297	$ 17,281	$ 33,834	$ 31,491
Capital assets	24,174	22,903	1,587	1,525	25,761	24,428
Total assets	39,711	37,113	19,884	18,806	59,595	55,919
Current and other liabilities	3,510	3,744	1,962	2,091	5,472	5,835
Long-term liabilities outstanding	13,040	12,143	20,285	19,496	33,325	31,639
Total liabilities	16,550	15,887	22,247	21,587	38,797	37,474
Net assets:						
Invested in capital assets, net of related debt	15,434	14,975	605	510	16,039	15,485
Restricted	4,343	4,351	3,164	2,341	7,507	6,692
Unrestricted (deficit)	3,384	1,900	(6,132)	(5,632)	(2,748)	(3,732)
Total net assets	$ 23,161	$ 21,226	$ (2,363)	$ (2,781)	$ 20,798	$ 18,445

*Note: 2005 balances for Governmental Activities have been restated to reflect fund-type reclassifications and prior period error corrections.

A portion of the state of Washington's net assets (36.1 percent for Fiscal Year 2006 as compared to 36.3 percent for Fiscal Year 2005) represents resources that are subject to constitutional or external restrictions on how they may be used. The remaining balance represents *unrestricted (deficit) net assets.* A positive balance indicates that excess assets are available to meet the state's ongoing obligations to citizens and creditors. The state's overall negative balance is caused by the workers' compensation program that provides supplemental pension cost-of-living adjustments for time-loss and disability payments. For reporting purposes an actuarially determined liability has been recorded to comply with applicable accounting standards. However, by statute, these payments are funded on a pay-as-you-go basis.

State of Washington's Changes in Net Assets

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	$ 3,225	$ 3,161	$ 6,911	$ 6,615	$ 10,136	$ 9,776
Operating grants and contributions	8,260	8,238	55	71	8,315	8,309
Capital grants and contributions	610	675	-	(2)	610	673
General revenues:						
Taxes	15,499	13,988	100	95	15,599	14,083
Interest and investment earnings	475	363	147	1,249	622	1,612
Total revenues	28,069	26,425	7,213	8,028	35,282	34,453
Expenses:						
General government	(1,320)	(1,260)	-	-	(1,320)	(1,260)
Education - K-12	(6,642)	(6,283)	-	-	(6,642)	(6,283)
Education - higher education	(4,804)	(4,455)	-	-	(4,804)	(4,455)
Human services	(10,082)	(9,852)	-	-	(10,082)	(9,852)
Adult corrections	(749)	(640)	-	-	(749)	(640)
Natural resources and recreation	(777)	(229)	-	-	(777)	(229)
Transportation	(1,526)	(1,457)	-	-	(1,526)	(1,457)
Interest on long-term debt	(533)	(505)	-	-	(533)	(505)
Workers' compensation	-	-	(2,267)	(2,407)	(2,267)	(2,407)
Unemployment compensation	-	-	(736)	(870)	(736)	(870)
Higher education student services	-	-	(1,254)	(1,170)	(1,254)	(1,170)
Health insurance programs	-	-	(1,244)	(1,138)	(1,244)	(1,138)
Other business-type activities	-	-	(1,042)	(988)	(1,042)	(988)
Total expenses	(26,433)	(24,681)	(6,543)	(6,573)	(32,976)	(31,254)
Excess (deficiency) of revenues over expenses before contributions to endowments, extraordinary loss, and transfers	1,636	1,744	670	1,455	2,306	3,199
Contributions to endowments	131	69	-	-	131	69
Extraordinary loss (asset impairment)	(84)	-	-	-	(84)	-
Transfers	252	184	(252)	(184)	-	-
Increase (decrease) in net assets	1,935	1,997	418	1,271	2,353	3,268
Net assets - July 1, as restated*	21,226	19,842	(2,781)	(4,052)	18,445	15,790
Net assets - June 30	$ 23,161	$ 21,839	$ (2,363)	$ (2,781)	$ 20,798	$ 19,058

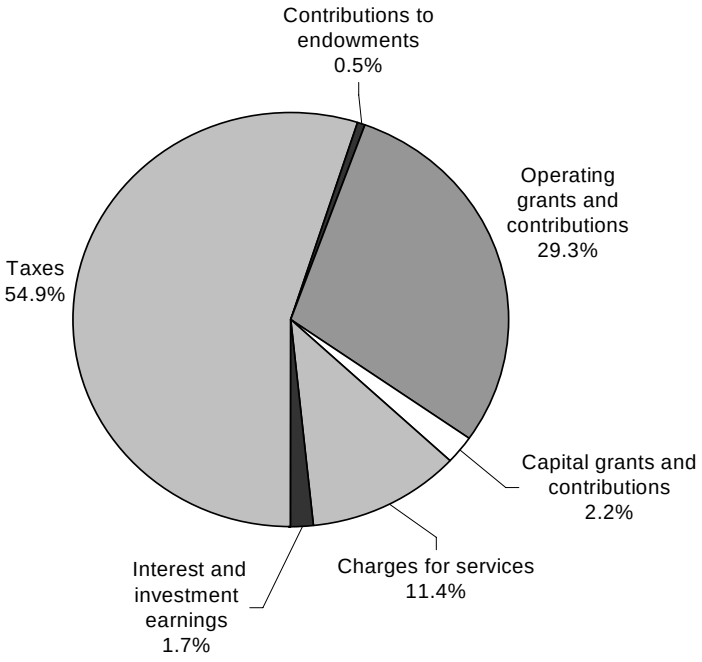
*Note: Governmental Activities net assets as of July 1, 2005, have been restated to reflect fund-type reclassification and prior period error corrections.

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.

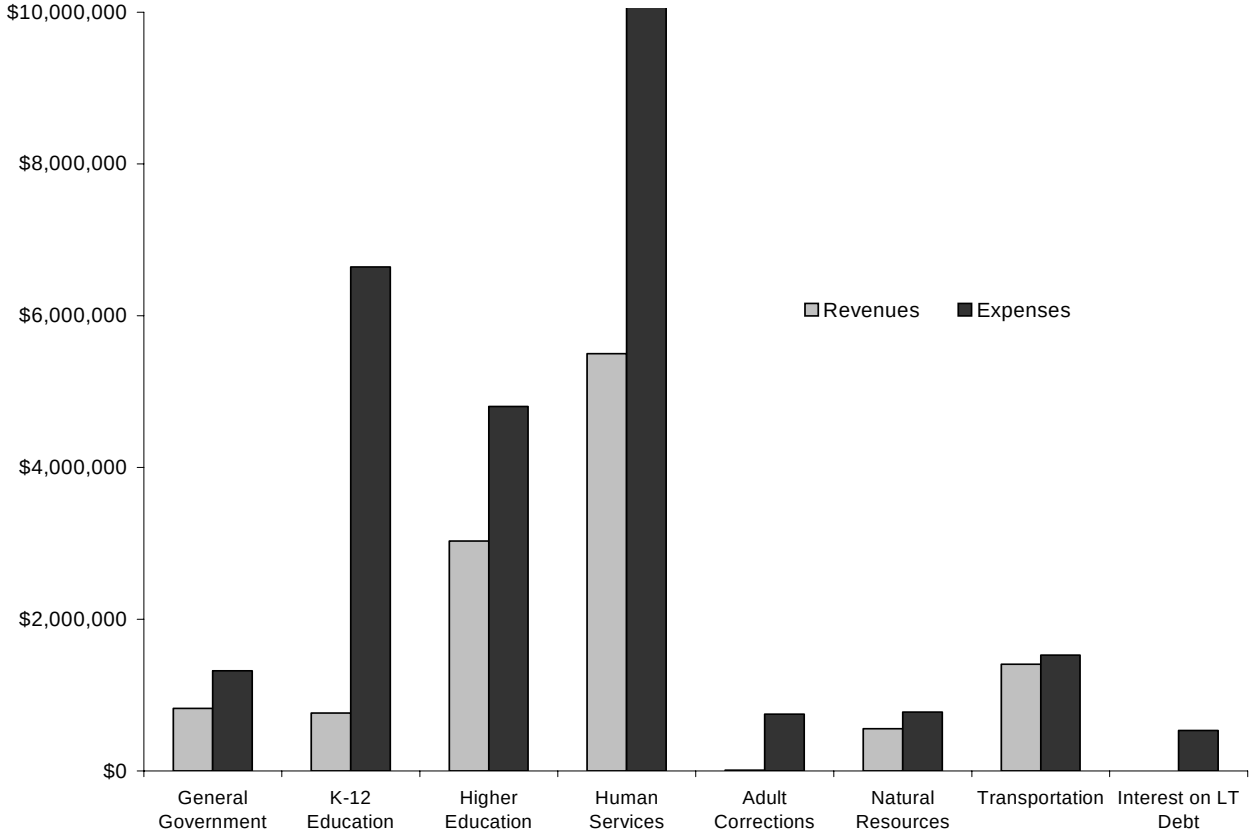
Governmental activities. Governmental activities resulted in an increase in the state of Washington's net assets of $1.9 billion. Key elements of this increase are as follows*:*

- Increases in tax revenues reflect strong economic and personal income growth during Fiscal Year 2006 as well as gains in employment.
- Strong growth in the housing sector due to low interest rates and an increase in disposable household income from home mortgage refinancing also resulted in increases in tax revenues.
- A series of revenue enhancements initiated by the state in Fiscal Years 2004 and 2005 continue to result in increased in tax revenues.

Revenues by Source – Governmental Activities



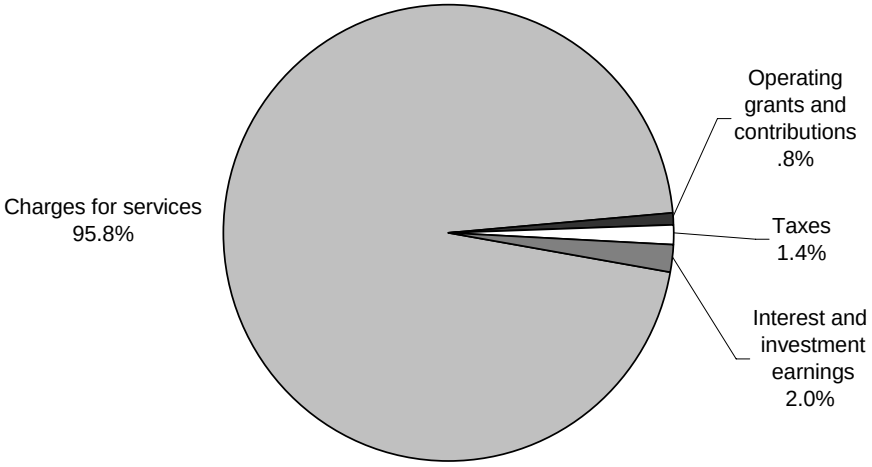
Program Revenues and Expenses - Governmental Activities

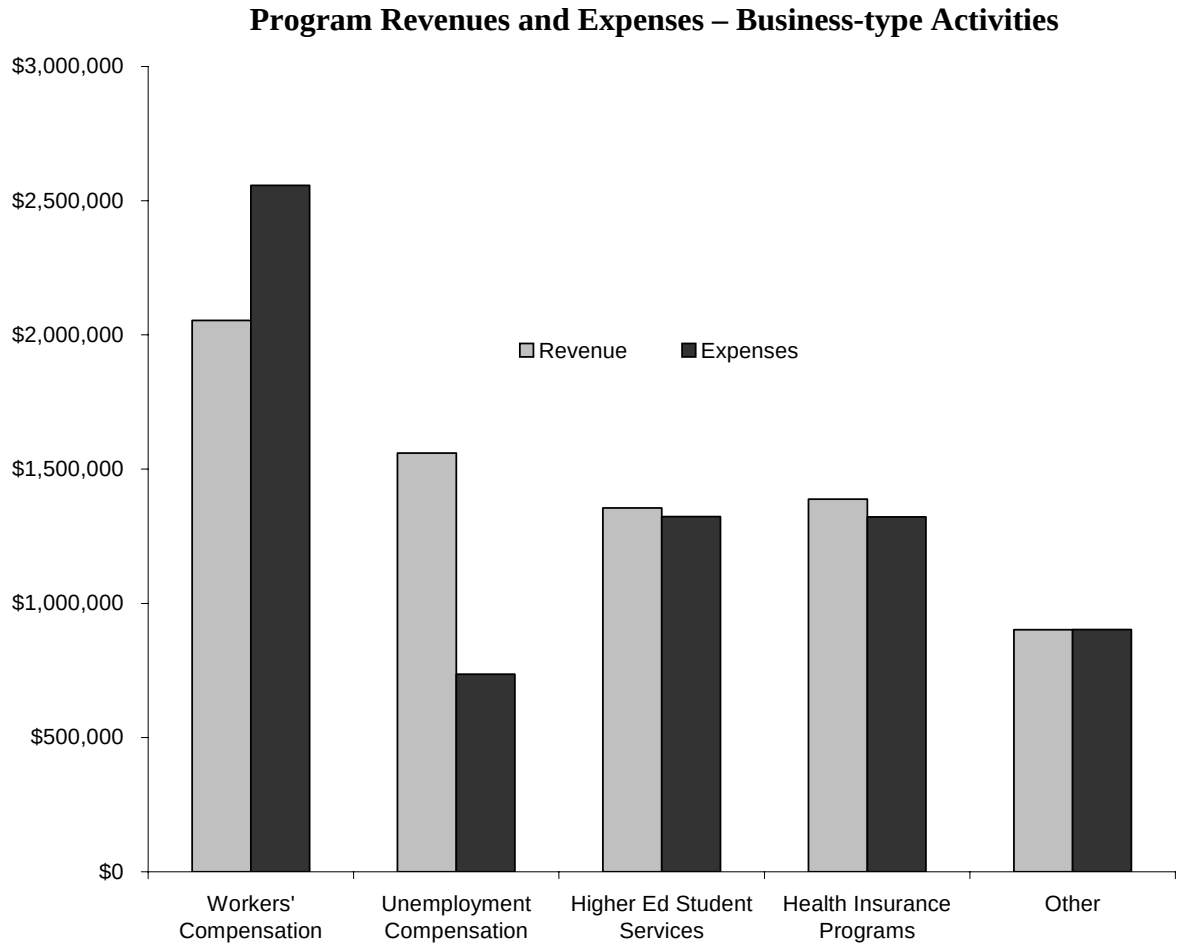


Business-type activities. Business-type activities increased the state of Washington's net assets by $418 million in spite of a $503 million loss in the Workers' Compensation Fund. Key factors contributing to the operating results of business-type activities are:

- Earnings on investments in the Workers' Compensation Fund decreased by 103 percent in Fiscal Year 2006 compared to 2005. The decrease in earnings on investments is primarily due to unrealized losses on fixed income securities and was the significant contributing factor to the Workers' Compensation Fund loss.
- The state's economic recovery was reflected by a reduction in unemployment. Expenditures for unemployment compensation benefits decreased by 15 percent in Fiscal Year 2006 compared to 2005.

Revenues by Source – Business-type Activities





Financial Analysis of the Government'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 discussed earlier, the focus of the state of Washington's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the state of Washington's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the state of Washington. At the end of the fiscal year, total fund balance for the General Fund equaled $1.9 billion. Unreserved fund balance, the amount considered available to spend, totaled $569 million. $1.1 billion of the General Fund fund balance relates to certain accrued revenues and has been designated for working capital purposes. It is not considered available to spend.

The fund balance of the state of Washington's General Fund decreased by $92 million during the current fiscal year.

State of Washington's General Fund

(in millions of dollars)

	Fiscal Year 2006	Fiscal Year 2005	Difference Increase (Decrease)
Revenues			
Taxes	$ 13,165	$ 11,988	$ 1,177
Federal grants	6,113	6,012	101
Investment revenue	73	36	37
Other	369	508	(139)
Total	19,720	18,544	1,176
Expenditures			
Human services	9,809	9,519	290
Education	7,407	7,243	164
Other	1,036	970	66
Total	18,252	17,732	520
Net transfers in (out)	(1,577)	(418)	(1,159)
Other financing sources	17	15	2
Net increase (decrease) in fund balance	$ (92)	$ 409	$ (501)

The state's improving economy combined with state revenue enhancements measures are reflected in increased tax revenue collection. Expenditure growth continues to be limited to services and programs most vital to citizens – primarily health care, public education, and economic development. Overall revenues were up 6 percent while expenditures increased at a slower pace of 2.9 percent when compared to the prior year. The state took advantage of this opportunity to set aside resources to pay for health services, education, and pension funding in future years by transferring $825 million from the General Fund to non-major governmental funds.

In addition to the General Fund, the state reports the Higher Education Special Revenue and Higher Education Endowment Funds as major governmental funds. The fund balance for the Higher Education Endowment Fund increased by $282 million, which was consistent with the prior year's growth.

Non-major governmental fund revenue increased by $275 million in Fiscal Year 2006 compared with Fiscal Year 2005 primarily related to growth in tax revenues. This revenue increase combined with the $825 million in transfers from the General Fund noted above are primarily responsible for the increase in fund balance of $1.2 billion.

Proprietary Funds. The state of Washington's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Workers' Compensation Fund, Unemployment Compensation Fund, and Higher Education Student Services Fund are major proprietary funds. The Workers' Compensation Fund reported a loss of $503 million in Fiscal Year 2006. Workers' compensation claims expenses continued to exceed assessment revenue resulting in an operating loss which combined with a loss on investment activities to result in a decrease in net assets in Fiscal Year 2006. The Unemployment Compensation Fund reported income of $823 million in Fiscal Year 2006 compared with an income of $717 million in Fiscal Year 2005. This reflects the continuing reduction in the state's unemployment rate. Activity for the various non-major proprietary funds resulted in an increase to net assets of $65 million.

General Fund Budgetary Highlights

Differences between the original budget of the General Fund and the final amended budget reflect adjustments related to changes in the state's economy during the fiscal year ended June 30, 2006. During that year, significant changes to estimates are summarized as follows:

- Estimated tax revenues increased $1.2 billion.
- Estimated revenues from federal grants-in-aid increased by $399 million.
- Appropriated expenditure authority increased by $1.5 billion.
-

The state did not overspend its legal spending authority for Fiscal Year 2006, the first year of the 2005-07 Biennium. Actual General Fund revenues and expenditures for Fiscal Year 2006 were approximately 50 percent of final budgeted revenues and appropriations for the 2005-07 Biennium.

Capital Assets, Infrastructure, Bond Debt Administration, and Economic Factors

Capital assets. The state of Washington's investment in capital assets for its governmental and business-type activities as of June 30, 2006 amounted to $25.8 billion (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, museum and historical collections, buildings and other improvements, furnishings and equipment, as well as construction in progress.

Washington's Fiscal Year 2006 investment in capital assets, net of current year depreciation, was $1.3 billion, including increases to the state's transportation infrastructure of $874 million and buildings of $527 million. The state's construction in progress includes both new construction and major improvements to state infrastructure and facilities including state highway system, correctional facilities, ferry vessels and terminals, and buildings on the capitol and college and university campuses. Remaining commitments on these construction projects total $3.2 billion.

Additional information on the state of Washington's capital assets can be found in Note 6 beginning on page C-72 of this report.

State of Washington's Capital Assets
(net of depreciation)
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2006	2005*	2006	2005	2006	2005
Land	$ 1,238	$ 1,207	$ 92	$ 87	$ 1,330	$ 1,294
Transportation infrastructure and other assets not depreciated	14,321	13,439	-	-	14,321	13,439
Buildings	5,247	4,737	1,183	1,166	6,430	5,903
Furnishings, equipment, and collections	1,362	1,353	115	135	1,477	1,488
Other improvements and infrastructure	942	921	59	53	1,001	974
Construction in progress	1,064	1,246	138	84	1,202	1,330
Total	$ 24,174	$ 22,903	$ 1,587	$ 1,525	$ 25,761	$ 24,428

*Note: 2005 balances for Governmental Activities have been restated to reflect prior period corrections.

Infrastructure. The state of Washington first reported infrastructure under the requirements of the Governmental Accounting Standards Board in Fiscal Year 2002. Transportation infrastructure reported includes the state highway system, emergency airfields, and a short rail line. While the rail line is reported net of depreciation, the state highway system and emergency airfields are reported using the modified approach. Under the modified approach, rather than recording depreciation, asset condition is reported.

The state highway system and emergency airfields continue to meet or exceed targeted condition levels and no significant changes in condition levels were noted. Amounts spent during Fiscal Year 2006 to maintain/preserve these infrastructure assets were not significantly different from estimated spending plans according to the biennial budget. The condition of these assets, along with the rating scales for pavement, bridges, rest areas, and airfields, and additional detail comparing budget to actual preservation and maintenance spending are available in the required supplementary information beginning on page C-126.

The Department of Transportation accomplished a net addition of 96 lane miles and 6 bridges in Fiscal Year 2006. The state transportation system asset value increased by $874 million during the fiscal year. Fiscal Year 2007 commitments made for ongoing infrastructure projects that extend beyond the Fiscal Year 2006 amount to $1.4 million representing 766 projects.

Bond debt. At the end of Fiscal Year 2006, the state of Washington had general obligation bond debt outstanding of $10.6 billion, an increase of 6 percent over Fiscal Year 2005. This debt is secured by a pledge of the full faith and credit of the state. Additionally, the state had authorized $10.4 billion general obligation debt that remains unissued.

The state had revenue debt outstanding at June 30, 2006, of $1.4 billion, an increase of $203 million over Fiscal Year 2005. This increase is primarily related to revenue bonds issued by state colleges and universities. Revenue bond debt is secured by specific sources of revenue.

Four times during the year, the state issued general obligation debt, totaling $1.6 billion for various capital and transportation projects as well as for refunding purposes. The state took advantage of the historically low interest rates that prevailed through Fiscal Year 2006 to refund outstanding bonds. This refunding will save taxpayers over $36 million (net present value) in future interest payments. The state ranked 20th in a list of the top 100 issuers ranked by amount financed by municipal issuers in calendar year 2005, according to The Bond Buyer's 2006 Yearbook.

State of Washington's Bond Debt

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation (GO) bonds	$ 10,464	$ 9,842	$ 120	$ 138	$ 10,584	$ 9,980
Accreted interest on zero interest rate GO bonds	234	201	27	24	261	225
Revenue bonds	558	564	794	585	1,352	1,149
Total	$ 11,256	$ 10,607	$ 941	$ 747	$ 12,197	$ 11,354

The Washington State Constitution and the Revised Code of Washington limit the amount of general obligation (GO) debt that may be issued, the latter being the most restrictive. For the fiscal year ended June 30, 2006, the maximum GO debt authorized by constitutional limit was $8.8 billion. The debt capacity remaining was $1.5 billion. Specific bond issues and types that are not secured by general state revenues, such as motor fuel tax and reimbursable bonds, are excluded from the limitation.

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, 2006, 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.

Additional information on the state's bond debt obligations is presented in Note 7 beginning on page C-76 of this report. Additional information on the state's legal debt limit is presented in the statistical section beginning on page 234 of the CAFR.

Economic Factors and Next Year's Budgets and Rates

- Washington's outlook for Fiscal Year 2007 is for a continuation in the strong economic growth. It reflects the impact of the long awaited recovery at both the state and national levels.
- Revenue growth in the General Fund is expected to be even stronger in the 2005-07 Biennium than in the previous biennium.
- Overall, personal income and employment are expected to continue to grow in Fiscal Year 2007.

Legislative leaders and management will consider these factors in preparing the state's budget for future years.

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, PO Box 43113, Olympia, WA 98504-3113.

Basic Financial Statements

Government-wide Financial Statements

State of Washington
Statement of Net Assets
June 30, 2006
(expressed in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and pooled investments	$ 5,477,855	$ 5,106,230	$ 10,584,085	$ 43,201
Taxes receivable (net of allowance)	2,833,106	4,994	2,838,100	-
Other receivables (net of allowance)	870,801	1,292,125	2,162,926	4,519
Internal balances (net)	32,204	(32,204)	-	-
Due from other governments	2,755,085	59,880	2,814,965	-
Inventories	91,137	82,343	173,480	-
Investments, noncurrent	3,338,092	11,636,772	14,974,864	25,645
Other assets	138,905	145,913	284,818	24,399
Capital assets (Note 6):				
Non-depreciable assets	16,623,090	230,544	16,853,634	38,532
Depreciable assets, net of depreciation	7,550,906	1,356,647	8,907,553	396,198
Total capital assets, net of depreciation	24,173,996	1,587,191	25,761,187	434,730
Total Assets	$ 39,711,181	$ 19,883,244	$ 59,594,425	$ 532,494
LIABILITIES				
Accounts payable	$ 999,444	$ 125,068	$ 1,124,512	$ 2,522
Contracts and retainage payable	89,891	29,240	119,131	5,221
Accrued liabilities	451,540	242,698	694,238	132
Obligations under security lending agreements	742,929	1,505,197	2,248,126	-
Due to other governments	589,253	16,313	605,566	-
Unearned revenue	637,272	43,715	680,987	898
Long-term liabilities (Note 7):				
Due within one year	849,569	1,916,020	2,765,589	-
Due in more than one year	12,190,023	18,368,606	30,558,629	37,987
Total Liabilities	16,549,921	22,246,857	38,796,778	46,760
NET ASSETS				
Invested in capital assets, net of related debt	15,434,256	604,298	16,038,554	391,534
Restricted for:				
Unemployment compensation	-	3,164,354	3,164,354	-
Other purposes	1,538,739	-	1,538,739	25,325
Capital projects	199,257	-	199,257	-
Expendable permanent fund principal	1,342,704	-	1,342,704	-
Nonexpendable permanent endowments	1,262,314	-	1,262,314	-
Unrestricted (deficit)	3,383,990	(6,132,265)	(2,748,275)	68,875
Total Net Assets	$ 23,161,260	$ (2,363,613)	$ 20,797,647	$ 485,734

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

State of Washington
Statement of Activities
For the Fiscal Year Ended June 30, 2006
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	$ 1,320,051	$ 513,084	$ 307,201	$ 6,395
Education--elementary and secondary (K-12)	6,642,230	13,134	749,035	-
Education--higher education	4,804,145	1,281,377	1,734,907	15,747
Human services	10,081,654	233,735	5,265,580	193
Adult corrections	748,946	6,431	2,427	927
Natural resources and recreation	777,233	390,372	138,410	28,997
Transportation	1,526,306	786,726	62,500	558,128
Interest on long-term debt	532,887	-	-	-
Total governmental activities	26,433,452	3,224,859	8,260,060	610,387
Business-type Activities:				
Workers' compensation	2,266,899	1,790,413	7,606	-
Unemployment compensation	736,214	1,410,756	42,803	-
Higher education student services	1,254,052	1,265,822	4,648	94
Health insurance programs	1,244,052	1,341,428	-	-
Other	1,042,151	1,102,389	5	-
Total business-type activities	6,543,368	6,910,808	55,062	94
Total Primary Government	$ 32,976,820	$ 10,135,667	$ 8,315,122	$ 610,481
Total Component Units	$ 28,713	$ 13,039	$ 490	$ 700

General revenues:
- Taxes - sales and use taxes
- Taxes - business and occupation taxes
- Taxes - property
- Taxes - motor vehicle and fuel
- Taxes - excise
- Taxes - other
- Interest and investment earnings

Total general revenues

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

Contributions to endowments

Extraordinary loss (asset impairment)

Transfers

Change in net assets

Net assets -- restated beginning

Net assets -- ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (493,371)	$ -	$ (493,371)	
(5,880,061)	-	(5,880,061)	
(1,772,114)	-	(1,772,114)	
(4,582,146)	-	(4,582,146)	
(739,161)	-	(739,161)	
(219,454)	-	(219,454)	
(118,952)	-	(118,952)	
(532,887)	-	(532,887)	
(14,338,146)	-	(14,338,146)	
-	(468,880)	(468,880)	
-	717,345	717,345	
-	16,512	16,512	
-	97,376	97,376	
-	60,243	60,243	
-	422,596	422,596	
(14,338,146)	422,596	(13,915,550)	
			$ (14,484)
7,428,938	-	7,428,938	-
2,483,767	-	2,483,767	-
1,629,563	-	1,629,563	-
1,030,003	-	1,030,003	-
1,067,318	48,783	1,116,101	-
1,859,760	50,914	1,910,674	-
474,791	147,412	622,203	2,627
15,974,140	247,109	16,221,249	2,627
1,635,994	669,705	2,305,699	(11,857)
131,153	-	131,153	-
(84,248)	-	(84,248)	-
251,937	(251,937)	-	-
1,934,836	417,768	2,352,604	(11,857)
21,226,424	(2,781,381)	18,445,043	497,591
$ 23,161,260	$ (2,363,613)	$ 20,797,647	$ 485,734

Fund Financial Statements

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2006
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	**Total**
Assets:					
Cash and pooled investments	$ 803,128	$ 336,569	$ 420,018	$ 3,633,037	$ 5,192,752
Investments	-	728,482	2,407,174	217,325	3,352,981
Taxes receivable (net of allowance)	2,717,932	4,273	-	110,901	2,833,106
Other receivables (net of allowance)	223,256	235,083	30,905	511,300	1,000,544
Due from other funds	292,989	132,502	469	280,802	706,762
Due from other governments	745,214	112,560	-	1,773,194	2,630,968
Inventories	21,177	11,404	-	37,054	69,635
Total Assets	$ 4,803,696	$ 1,560,873	$ 2,858,566	$ 6,563,613	$ 15,786,748
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 697,786	$ 46,578	$ 5	$ 220,160	$ 964,529
Contracts and retainages payable	18,847	1,395	2,783	66,199	89,224
Accrued liabilities	159,441	137,934	9,252	78,552	385,179
Obligations under security lending agreements	126,374	89,243	389,358	137,686	742,661
Due to other funds	267,698	53,360	3,427	307,060	631,545
Due to other governments	415,114	13,308	-	122,347	550,769
Deferred revenues	1,226,761	155,906	13,765	590,617	1,987,049
Claims and judgments payable	14,870	-	-	10,610	25,480
Total Liabilities	2,926,891	497,724	418,590	1,533,231	5,376,436
Fund Balances:					
Reserved for:					
Encumbrances	129,439	187,625	-	458,214	775,278
Inventories	16,360	11,404	-	37,054	64,818
Permanent funds	-	-	2,439,976	165,042	2,605,018
Other specific purposes	85,049	253,727	-	1,508,303	1,847,079
Unreserved, designated for, reported in:					
Working capital	1,076,631	-	-	-	1,076,631
Higher education	-	155,679	-	-	155,679
Special revenue funds	-	-	-	229	229
Debt service funds	-	-	-	206,228	206,228
Unreserved, undesignated	569,326	454,714	-	-	1,024,040
Unreserved, undesignated reported in:					
Special revenue funds	-	-	-	2,585,037	2,585,037
Capital project funds	-	-	-	70,275	70,275
Total Fund Balances	1,876,805	1,063,149	2,439,976	5,030,382	10,410,312
Total Liabilities and Fund Balances	$ 4,803,696	$ 1,560,873	$ 2,858,566	$ 6,563,613	$ 15,786,748

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

State of Washington
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2006
(expressed in thousands)

Total fund balances for governmental funds		$ 10,410,312
Amounts reported for governmental activities in the statement of net assets 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	$ 16,598,513	
Depreciable assets, net of depreciation	7,148,697	
Total capital assets		23,747,210
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 deferred in the funds.		1,355,421
Accrued current interest on general obligation bonds		(217,685)
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 assets.		(51,963)
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 notes payable	(11,239,466)	
Accrued interest on bonds	(236,962)	
Claims and judgments	(31,622)	
Other obligations	(573,985)	
Total long-term liabilities		(12,082,035)
Net assets of governmental activities		$ 23,161,260

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

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2006
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	**Total**
Revenues:					
Retail sales and use taxes	$ 7,356,848	$ -	$ -	$ 72,090	$ 7,428,938
Business and occupation taxes	2,411,887	-	-	71,880	2,483,767
Property taxes	1,384,359	-	-	245,204	1,629,563
Excise taxes	977,087	-	-	90,231	1,067,318
Motor vehicle and fuel taxes	-	-	-	1,030,003	1,030,003
Other taxes	1,034,949	119,844	-	707,978	1,862,771
Licenses, permits, and fees	84,935	533	-	702,654	788,122
Timber sales	2,823	-	15,106	158,513	176,442
Other contracts and grants	112,780	608,383	-	17,681	738,844
Federal grants-in-aid	6,113,438	1,059,808	-	922,076	8,095,322
Charges for services	51,070	1,189,184	-	473,142	1,713,396
Investment income (loss)	72,873	68,482	243,842	89,594	474,791
Miscellaneous revenue	54,889	96,272	1,458	370,713	523,332
Escheated property	61,911	-	-	-	61,911
Contribution and donations	-	-	131,153	-	131,153
Total Revenues	19,719,849	3,142,506	391,559	4,951,759	28,205,673
Expenditures:					
Current:					
General government	602,302	-	-	387,232	989,534
Human services	9,808,558	-	-	968,689	10,777,247
Natural resources and recreation	291,501	-	-	437,615	729,116
Transportation	41,688	813	-	1,446,276	1,488,777
Education	7,407,243	3,047,190	60	648,241	11,102,734
Intergovernmental	28,427	-	-	330,770	359,197
Capital outlays	55,666	107,772	-	1,546,629	1,710,067
Debt service:					
Principal	15,022	19,385	-	465,175	499,582
Interest	1,245	10,030	-	497,278	508,553
Total Expenditures	18,251,652	3,185,190	60	6,727,905	28,164,807
Excess of Revenues Over (Under) Expenditures	1,468,197	(42,684)	391,499	(1,776,146)	40,866
Other Financing Sources (Uses):					
Bonds issued	-	-	-	1,097,092	1,097,092
Refunding bonds issued	-	-	-	461,170	461,170
Payment to refunded bond escrow agent	-	-	-	(499,778)	(499,778)
Other debt issued	17,200	17,179	-	9,922	44,301
Bond issue premium	-	-	-	103,568	103,568
Capital lease acquisitions	51	64	-	-	115
Transfers in	247,894	363,633	1,281	2,699,037	3,311,845
Transfers (out)	(1,825,256)	(268,128)	(111,012)	(863,145)	(3,067,541)
Total Other Financing Sources (Uses)	(1,560,111)	112,748	(109,731)	3,007,866	1,450,772
Net change in fund balances	(91,914)	70,064	281,768	1,231,720	1,491,638
Fund Balances - Beginning, as restated	1,968,719	993,085	2,158,208	3,798,662	8,918,674
Fund Balances - Ending	$ 1,876,805	$ 1,063,149	$ 2,439,976	$ 5,030,382	$ 10,410,312

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

State of Washington

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2006
(expressed in thousands)

Net change in fund balances--total governmental funds	$ 1,491,638
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. This is the amount by which capital outlays exceeded depreciation in the current period.	1,110,279
Bond proceeds provide current financial resources to governmental funds, however, issuing debt increases long-term liabilities in the statement of net assets. Also, repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(756,473)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.	5,663
Because some revenues will not be collected for several months after the state's fiscal year end, they are not considered "available" revenues in the governmental funds. Deferred revenues decreased by this amount this year.	(519)
An extraordinary loss, as noted in the Capital Asset note (note 6) to the financial statements, is reported at the government wide level but not at the fund level.	84,248
Change in net assets of governmental activities	$ 1,934,836

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

PROPRIETARY FUNDS
Statement of Fund Net Assets

June 30, 2006
(expressed in thousands)

	Business-Type Activities Enterprise Funds					Governmental Activities
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	**Total**	Internal Service Funds
Assets						
Current Assets:						
Cash and pooled investments	$ 33,220	$ 2,695,886	$ 357,741	$ 444,063	$ 3,530,910	$ 267,822
Investments	1,224,241	-	3,644	347,435	1,575,320	737
Taxes receivable (net of allowance)	-	-	-	4,994	4,994	-
Other receivables (net of allowance)	665,442	475,243	119,093	32,347	1,292,125	7,010
Due from other funds	22,973	2,530	34,606	38,923	99,032	69,490
Due from other governments	906	9,471	24,067	21,962	56,406	6,959
Inventories	169	-	33,796	48,378	82,343	21,503
Prepaid expenses	6	-	16,780	931	17,717	2,150
Total Current Assets	1,946,957	3,183,130	589,727	939,033	6,658,847	375,671
Noncurrent Assets:						
Investments, noncurrent	10,170,473	-	312,448	1,153,851	11,636,772	1,656
Other noncurrent assets	-	-	-	128,196	128,196	-
Capital Assets:						
Land	3,240	-	9,904	79,072	92,216	3,827
Buildings	62,441	-	1,232,370	401,421	1,696,232	118,391
Other improvements	1,020	-	39,143	13,563	53,726	18,244
Furnishings, equipment, and collections	51,581	-	282,253	62,995	396,829	653,844
Infrastructure	-	-	33,198	-	33,198	-
Accumulated depreciation	(53,393)	-	(647,109)	(122,836)	(823,338)	(388,266)
Construction in progress	4,955	-	126,272	7,101	138,328	20,749
Total Noncurrent Assets	10,240,317	-	1,388,479	1,723,363	13,352,159	428,445
Total Assets	$ 12,187,274	$ 3,183,130	$ 1,978,206	$ 2,662,396	$ 20,011,006	$ 804,116
Liabilities						
Current Liabilities:						
Accounts payable	$ 7,623	$ -	$ 67,438	$ 50,007	$ 125,068	$ 34,915
Contracts and retainages payable	3,756	-	5,725	19,759	29,240	602
Accrued liabilities	168,871	3,238	55,956	120,459	348,524	21,318
Obligations under security lending agreements	1,224,241	-	-	280,956	1,505,197	270
Bonds and notes payable	3,241	-	27,292	47,153	77,686	10,427
Due to other funds	27,143	1,161	38,897	60,877	128,078	35,413
Due to other governments	-	14,377	11	1,609	15,997	29
Unearned revenues	12,888	-	30,495	332	43,715	5,646
Claims and judgments payable	1,659,287	-	-	73,221	1,732,508	81,245
Total Current Liabilities	3,107,050	18,776	225,814	654,373	4,006,013	189,865
Noncurrent Liabilities:						
Claims and judgments payable	16,095,814	-	-	2,916	16,098,730	489,806
Bonds and notes payable	33,591	-	823,171	256,237	1,112,999	149,926
Other long-term liabilities	11,588	-	9,429	1,135,860	1,156,877	26,482
Total Noncurrent Liabilities	16,140,993	-	832,600	1,395,013	18,368,606	666,214
Total Liabilities	19,248,043	18,776	1,058,414	2,049,386	22,374,619	856,079
Net Assets:						
Invested in capital assets, net of related debt	33,011	-	407,853	163,434	604,298	266,435
Restricted for:						
Unemployment compensation	-	3,164,354	-	-	3,164,354	-
Unrestricted	(7,093,780)	-	511,939	449,576	(6,132,265)	(318,398)
Total Net Assets (Deficit)	$ (7,060,769)	$ 3,164,354	$ 919,792	$ 613,010	$ (2,363,613)	$ (51,963)

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

PROPRIETARY FUNDS
Statement of Revenues, Expenses, and Changes in Fund Net Assets

For the Fiscal Year Ended June 30, 2006
(expressed in thousands)

	Business-Type Activities Enterprise Funds					Governmental Activities
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	**Total**	Internal Service Funds
Operating Revenues:						
Sales	$ -	$ -	$ 122,284	$ 529,235	$ 651,519	$ 129,464
Less: Cost of goods sold	-	-	77,397	361,885	439,282	112,246
Gross profit	-	-	44,887	167,350	212,237	17,218
Charges for services	20	-	1,045,438	67,799	1,113,257	569,259
Premiums and assessments	1,729,501	1,397,639	-	1,340,753	4,467,893	83,824
Federal aid for unemployment insurance benefits	-	42,803	-	-	42,803	-
Lottery ticket proceeds	-	-	-	477,885	477,885	-
Miscellaneous revenue	60,898	13,117	85,314	7,438	166,767	39,927
Total Operating Revenues	1,790,419	1,453,559	1,175,639	2,061,225	6,480,842	710,228
Operating Expenses:						
Salaries and wages	116,951	-	484,168	82,428	683,547	254,672
Employee benefits	33,411	-	92,830	26,337	152,578	65,750
Personal services	2,945	-	13,115	20,500	36,560	20,006
Goods and services	64,227	-	453,829	113,211	631,267	271,943
Travel	3,477	-	16,070	2,041	21,588	4,160
Premiums and claims	1,998,393	736,214	702	1,230,993	3,966,302	36,751
Lottery prize payments	-	-	-	291,773	291,773	-
Depreciation and amortization	25,551	-	67,096	16,200	108,847	59,983
Miscellaneous expenses	19,882	-	10,679	60,623	91,184	906
Total Operating Expenses	2,264,837	736,214	1,138,489	1,844,106	5,983,646	714,171
Operating Income (Loss)	(474,418)	717,345	37,150	217,119	497,196	(3,943)
Nonoperating Revenues (Expenses):						
Earnings (loss) on investments	(32,486)	106,141	19,018	54,739	147,412	4,209
Interest expense	(2,062)	-	(38,166)	(44,601)	(84,829)	(4,752)
Distributions to other governments	-	-	-	(35,611)	(35,611)	-
Other revenue (expenses)	7,600	-	17,434	120,409	145,443	177
Total Nonoperating Revenues (Expenses)	(26,948)	106,141	(1,714)	94,936	172,415	(366)
Income (Loss) Before Contributions and Transfers	(501,366)	823,486	35,436	312,055	669,611	(4,309)
Capital contributions	-	-	94	-	94	2,338
Transfers in	288,987	-	142,834	52,685	484,506	33,360
Transfers (out)	(290,310)	-	(146,436)	(299,697)	(736,443)	(25,727)
Net Contributions and Transfers	(1,323)	-	(3,508)	(247,012)	(251,843)	9,971
Change in Net Assets	(502,689)	823,486	31,928	65,043	417,768	5,662
Net Assets (Deficit) - Beginning, as restated	(6,558,080)	2,340,868	887,864	547,967	(2,781,381)	(57,625)
Net Assets (Deficit) - Ending	$ (7,060,769)	$ 3,164,354	$ 919,792	$ 613,010	$ (2,363,613)	$ (51,963)

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

PROPRIETARY FUNDS
Statement of Cash Flows

Continued

For the Fiscal Year Ended June 30, 2006
(expressed in thousands)

	Business-Type Activities Enterprise Funds					Governmental Activities
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	**Total**	Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from customers	$ 1,660,352	$ 1,436,088	$ 1,184,605	$ 2,394,680	$ 6,675,725	$ 786,568
Payments to suppliers	(1,565,539)	(734,185)	(563,737)	(2,006,772)	(4,870,233)	(403,948)
Payments to employees	(149,775)	-	(574,359)	(108,177)	(832,311)	(315,319)
Other receipts (payments)	60,898	55,294	85,314	7,437	208,943	39,886
Net Cash Provided (Used) by Operating Activities	5,936	757,197	131,823	287,168	1,182,124	107,187
Cash Flows from Noncapital Financing Activities:						
Transfers in	288,987	-	142,834	52,685	484,506	33,360
Transfers out	(290,310)	-	(146,436)	(299,697)	(736,443)	(25,727)
Operating grants and donations received	7,579	-	3,529	5	11,113	723
Taxes and license fees collected	5	-	-	120,323	120,328	12
Distributions to other governments	-	-	-	(35,611)	(35,611)	-
Other noncapital financing sources	-	-	-	(29)	(29)	-
Net Cash Provided (Used) by Noncapital Financing Activities	6,261	-	(73)	(162,324)	(156,136)	8,368
Cash Flows from Capital and Related Financing Activities:						
Interest paid	(2,062)	-	(33,312)	(12,031)	(47,405)	(4,761)
Principal payments on long-term capital financing	(3,054)	-	(38,687)	(20,951)	(62,692)	(9,969)
Proceeds from long-term capital financing	-	-	238,145	2,938	241,083	25,107
Proceeds from sale of capital assets	29	-	16,308	1,378	17,715	9,629
Acquisitions of capital assets	(8,118)	-	(145,412)	(22,421)	(175,951)	(87,741)
Net Cash or Pooled Investments Provided by (Used in) Capital and Related Financing Activities	(13,205)	-	37,042	(51,087)	(27,250)	(67,735)
Cash Flows from Investing Activities:						
Receipt of interest	580,466	106,141	18,512	31,098	736,217	4,564
Proceeds from sale of investment securities	4,657,665	-	40,704	386,686	5,085,055	46,217
Purchases of investment securities	(5,225,493)	-	(202,384)	(451,426)	(5,879,303)	(2,043)
Net Cash Provided by (Used in) Investing Activities	12,638	106,141	(143,168)	(33,642)	(58,031)	48,738
Net Increase (Decrease) in Cash and Pooled Investments	11,630	863,338	25,624	40,115	940,707	96,558
Cash and Pooled Investments, July 1	21,590	1,832,548	332,117	403,948	2,590,203	171,264
Cash and Pooled Investments, June 30	$ 33,220	$ 2,695,886	$ 357,741	$ 444,063	$ 3,530,910	$ 267,822
Cash Flows from Operating Activities:						
Operating Income (Loss)	$ (474,418)	$ 717,345	$ 37,150	$ 217,119	$ 497,196	$ (3,943)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:						
Depreciation	25,551	-	67,096	16,200	108,847	59,983
Change in Assets: Decrease (Increase)						
Receivables (net of allowance)	(48,781)	37,823	16,747	(20,845)	(15,056)	898
Inventories	12	-	(2,498)	(2,263)	(4,749)	(1,351)
Prepaid expenses	23	-	3,982	(393)	3,612	(886)
Change in Liabilities: Increase (Decrease)						
Payables	503,549	2,029	9,346	77,350	592,274	52,486
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	$ 5,936	$ 757,197	$ 131,823	$ 287,168	$ 1,182,124	$ 107,187

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

PROPRIETARY FUNDS
Statement of Cash Flows

Concluded

For the Fiscal Year Ended June 30, 2006
(expressed in thousands)

	Business-Type Activities Enterprise Funds					Governmental Activities
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	**Total**	Internal Service Funds
Noncash Investing, Capital and Financing Activities:						
Contributions of capital assets	$ -	$ -	$ 94	$ -	$ 94	$ 2,338
Acquisition of capital assets through capital leases	-	-	-	-	-	56,805
Amortization of long-term lotto prize liability	-	-	-	28,345	28,345	-
Increase (decrease) in fair value of investments	(612,727)	-	(232)	21,721	(591,238)	2
Refunding bonds issued	-	-	1,440	-	1,440	-
Refunded bonds redeemed	-	-	(1,410)	-	(1,410)	-
Amortization of debt premium (issue costs/discount)	-	-	4,409	-	4,409	-
Accretion of interest on zero coupon bonds	-	-	-	3,388	3,388	-

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

FIDUCIARY FUNDS
Statement of Fiduciary Net Assets

June 30, 2006
(expressed in thousands)

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
Assets:				
Cash and pooled investments	$ 12,005	$ 3,866,222	$ 47,216	$ 272,339
Investments	-	1,193,284	-	-
Other receivables (net of allowance)	4,970	13,046	387,360	256,161
Due from other funds	-	-	31,664	39,907
Due from other governments	-	-	68,283	23,081
Total Current Assets	16,975	5,072,552	534,523	591,488
Noncurrent Assets:				
Investments, noncurrent	93,578	49,989	63,608,369	11,085
Other noncurrent assets	-	-	-	52,924
Capital Assets:				
Furnishings, equipment, and collections	86	-	-	-
Accumulated depreciation	(84)	-	-	-
Total Noncurrent Assets	93,580	49,989	63,608,369	64,009
Total Assets	$ 110,555	$ 5,122,541	$ 64,142,892	$ 655,497
Liabilities:				
Accounts payable	$ 3,982	$ -	$ -	$ 17,299
Contracts and retainages payable	-	-	-	14,481
Accrued liabilities	123	378	204,835	295,097
Obligations under security lending agreements	-	44,790	5,673,783	11,227
Due to other funds	53,569	41	33,499	64,710
Due to other governments	-	-	-	199,759
Unearned revenues	-	-	725	-
Other long-term liabilities	-	-	-	52,924
Total Liabilities	57,674	45,209	5,912,842	$ 655,497
Net Assets:				
Net assets held in trust for:				
Pension benefits	-	-	56,042,868	
Deferred compensation participants	-	-	2,187,182	
Local government pool participants	-	5,077,332	-	
Individuals, organizations & other governments	52,881	-	-	
Total Net Assets	$ 52,881	$ 5,077,332	$ 58,230,050	

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

FIDUCIARY FUNDS
Statement of Changes in Fiduciary Net Assets

For the Fiscal Year Ended June 30, 2006
(expressed in thousands)

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans
Additions:			
Contributions:			
Employers	$ -	$ -	$ 353,529
Members	-	-	639,094
State	-	-	43,187
Pool participants	-	11,984,431	168,000
Total Contributions	-	11,984,431	1,203,810
Investment Income:			
Net appreciation (depreciation) in fair value	-	-	6,681,558
Interest and dividends	-	197,892	1,760,301
Less: Investment expenses	-	-	(253,012)
Net Investment Income	-	197,892	8,188,847
Other additions:			
Escheated property	32,115	-	-
Transfers from other pension plans	-	-	5,512
Other contracts, grants and miscellaneous	221	1	1,547
Total other additions	32,336	1	7,059
Total Additions	32,336	12,182,324	9,399,716
Deductions:			
Pension benefits	-	-	2,202,693
Pension refunds	-	-	148,595
Transfers to other pension plans	-	-	5,512
Administrative expenses	2,932	6,253	1,462
Distributions to pool participants	-	11,862,940	109,318
Payments to or on behalf of individuals, organizations and other governments in accordance with trust agreements	21,807	-	-
Total Deductions	24,739	11,869,193	2,467,580
Net Increase (Decrease)	7,597	313,131	6,932,136
Net Assets - Beginning, as restated	45,284	4,764,201	51,297,914
Net Assets - Ending	$ 52,881	$ 5,077,332	$ 58,230,050

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

COMPONENT UNITS
Statement of Fund Net Assets
June 30, 2006
(expressed in thousands)

	Public Stadium	Nonmajor Component Units	**Total**
Assets			
Current Assets:			
Cash and pooled investments	$ 6,028	$ 4,187	$ 10,215
Investments	-	32,986	32,986
Other receivables (net of allowance)	2,730	1,789	4,519
Prepaid expenses	34	405	439
Total Current Assets	8,792	39,367	48,159
Noncurrent Assets:			
Investments, noncurrent	24,725	920	25,645
Other noncurrent assets	-	23,960	23,960
Capital Assets:			
Land	34,677	-	34,677
Buildings	451,445	-	451,445
Furnishings and equipment	25,118	1,193	26,311
Accumulated depreciation	(80,609)	(949)	(81,558)
Construction in Progress	3,855		3,855
Total Noncurrent Assets	459,211	25,124	484,335
Total Assets	$ 468,003	$ 64,491	$ 532,494
Liabilities			
Current Liabilities:			
Accounts payable	$ 313	$ 2,209	$ 2,522
Contracts and retainages payable	5,221	-	5,221
Accrued liabilities	56	76	132
Unearned revenues	76	822	898
Total Current Liabilities	5,666	3,107	8,773
Noncurrent Liabilities:			
Other long-term liabilities	37,987	-	37,987
Total Noncurrent Liabilities	37,987	-	37,987
Total Liabilities	43,653	3,107	46,760
Net Assets:			
Invested in capital assets, net of related debt	391,290	244	391,534
Restricted for deferred sales tax	24,725	-	24,725
Restricted for other purposes	-	600	600
Unrestricted	8,335	60,540	68,875
Total Net Assets (Deficit)	$ 424,350	$ 61,384	$ 485,734

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

COMPONENT UNITS
Statement of Revenues, Expenses, and Changes in Fund Net Assets

For the Fiscal Year Ended June 30, 2006
(expressed in thousands)

	Public Stadium	Nonmajor Component Units	**Total**
Operating Revenues:			
Charges for services	$ 893	$ 12,146	$ 13,039
Total Operating Revenues	893	12,146	13,039
Operating Expenses:			
Salaries and wages	351	4,248	4,599
Employee benefits	54	1,158	1,212
Personal services	134	682	816
Goods and services	223	2,453	2,676
Travel	8	20	28
Depreciation and amortization	18,475	101	18,576
Miscellaneous expenses	-	9	9
Total Operating Expenses	19,245	8,671	27,916
Operating Income (Loss)	(18,352)	3,475	(14,877)
Nonoperating Revenues (Expenses):			
Earnings (loss) on investments	1,850	777	2,627
Interest expense	-	(307)	(307)
Operating grants and contributions	-	490	490
Distributions of operating grants	-	(490)	(490)
Total Nonoperating Revenues (Expenses)	1,850	470	2,320
Income (Loss) Before Contributions and Transfers	(16,502)	3,945	(12,557)
Capital grants and contributions	700	-	700
Total Contributions and Transfers	700	-	700
Change in Net Assets	(15,802)	3,945	(11,857)
Net Assets - Restated Beginning	440,152	57,439	497,591
Net Assets - Ending	$ 424,350	$ 61,384	$ 485,734

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2006

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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 the accepted standard-setting body for establishing governmental accounting and financial reporting principles nationally. For government-wide and enterprise fund reporting, the state follows only those private-sector standards issued on or before November 30, 1989, unless those pronouncements conflict with or contradict the pronouncements of the GASB. 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); organizations for which the state is financially accountable; and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete.

Financial accountability exists when the primary government appoints a voting majority of an organization's governing body and is either able to impose its will on that organization or 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 may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or 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.

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, and 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 state 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. Each college's governing board appoints a president to function as chief administrator. The state Legislature approves budgets and budget amendments for the colleges' appropriated funds, 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 are authorized to issue revenue bonds for construction of facilities for certain revenue generating activities such as housing, dining, and parking. 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 assets reside with the state. Colleges 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 are legally part of the state, their financial operations, including their blended component units, are reported in the primary government financial statements using the fund structure prescribed by GASB.

RETIREMENT SYSTEMS - The state of Washington, through the Department of Retirement Systems, administers seven 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 Judicial Retirement System, and the Judges' Retirement Fund. The director of the Department of Retirement Systems is appointed by the Governor.

There are two 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 Board for Volunteer Fire Fighters, 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 state 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 nine of the aforementioned retirement systems are included in the primary government's financial statements.

BLENDED COMPONENT UNIT - 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. The following entity is blended in the state's financial statements:

Tobacco Settlement Authority (TSA) – The TSA was created by the Washington State 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 to issue bonds to securitize a portion of the state's future tobacco settlement revenue in order to generate funds for increased costs of health care, long-term care, and other programs of the state.

Financial reports for the TSA may be obtained from the authority at the following address:

Tobacco Settlement Authority
1000 Second Avenue, Suite 2700
Seattle, WA 98104-1046

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 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 state 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 state 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 $434 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 defined 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
401 Second Avenue South, Suite 520
Seattle, WA 98104-0280

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The state presents two basic government-wide financial statements: the Statement of Net Assets 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 Assets – The Statement of Net Assets presents the state's non-fiduciary assets and liabilities. As a general rule, balances between governmental and business-type activities are eliminated.

Assets and liabilities are presented in a net assets format in order of liquidity. Net assets are classified into three categories:

- Invested in capital assets, net of related debt 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.

- Restricted net assets result when constraints are placed on net asset use either by external parties or by law through constitutional provision or enabling legislation.

- Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories.

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 health insurance and 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 602 accounts that are combined into 58 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 grants and contracts received for research and other educational purposes. This fund also accounts for charges for services by state institutions of higher education.

- **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 funds.

Major Enterprise Funds:

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

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

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

The state includes the following 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 legally restricted 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 non-interstate highway system; K-12 school construction; and construction and loan programs for local public works projects.

- **Debt Service Funds** account for the accumulation of resources for, and the payment of, principal and interest on the state's bonds issued in support of governmental activities.

- **Capital Projects Funds** account for the acquisition, construction, or improvement of major capital facilities including higher education facilities.

- **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 health insurance program; the state lottery; state liquor stores; the guaranteed college tuition program; and the convention and trade center.

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

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 and defined contribution pension plans, and other employee benefit plans.

- **Investment Trust Fund** accounts for the external portion of the Local Government Investment Pool (LGIP), which is reported by the state as the sponsoring government.

- **Private-Purpose Trust Funds** are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments such as the administration of unclaimed property.

- **Agency Funds** account for resources held by the state in a custodial capacity for other governments, private organizations or individuals.

Operating and Nonoperating Revenues and Expenses

The state's proprietary funds make a distinction between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing goods and services directly related to the principal operations of the funds. For example, operating revenues for the state's workers' compensation and health insurance funds consist of premiums collected and investment earnings. 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.

Application of Restricted/Unrestricted Resources

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.

C. Measurement Focus and Basis of Accounting

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

For fund statement reporting purposes, the state uses the current financial resources measurement focus and modified accrual basis of accounting for governmental funds. With the current financial resources measurement focus, generally only current assets and current liabilities 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 is met. Expenditure driven grant revenue is considererd 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 twelve 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 deferred revenue. The lien date on property taxes is January 1 of the tax levy year.

Under modified accrual accounting, expenditures are recognized when the related liability is incurred. Exceptions to the general modified accrual expenditure recognition criteria include unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with available expendable financial resources.

The state reports deferred revenues on its governmental fund balance sheet under certain conditions. Deferred revenues arise when a potential revenue does not meet both the "measurable" and the "available" criteria for revenue recognition in the current period. Deferred revenues also 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 a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on their respective statements of net assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. Net assets in proprietary funds are segregated into three components: invested in capital assets, net of related debt; restricted; and unrestricted.

Net assets for trust funds are held in trust for external individuals and organizations.

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, and Net Assets or Equity

1. Cash and Investments

Investments of surplus or pooled cash balances are reported on the accompanying Statements of Net Assets, 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. As a result, the cash balances of funds with surplus pooled balances are not reduced for these investments. For reporting purposes, pooled cash is stated at fair value or amortized cost, which approximates fair value. For the purposes of the Statement of Cash Flows, the state considers cash and 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, to be cash equivalents.

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 SEC's Rule 2a-7 of the Investment Company Act of 1940, are reported at amortized cost. 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, phone number (360) 902-9000 or TTY (360) 902-8963.

Long-term 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. Certain pension trust fund investments, including real estate and private equity, are valued based on appraisals or independent advisors. 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 Assets, 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

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 within an agency is estimated to be $25,000 or more. Consumable inventories are generally valued at cost using the first-in, first-out method. Donated consumable inventories are recorded at fair market value.

All merchandise inventories are considered reportable for financial statement purposes. Merchandise inventories are generally valued at cost using the first-in, first-out method.

Inventories of governmental funds are valued at cost and recorded using the consumption method. Proprietary funds expense inventories when used or sold.

For governmental fund financial reporting, inventory balances are also recorded as a reservation of fund balance indicating that they do not constitute "available spendable resources" except for $4.8 million in federally donated consumable inventories, which are offset by deferred revenues because they do not constitute an "available" resource until consumed.

4. Capital Assets

Except as noted below, it is the state's policy to capitalize:

- all land;
- all additions and improvements to the state highway system;
- infrastructure, other than the state highway system, with a cost of $100,000 or more;
- all other capital assets with a unit cost of $5,000 or more.

Capital assets acquired by capital leases with a net present value or fair market value, whichever is less, of less than $10,000 are not capitalized.

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. 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 proprietary and trust funds, net interest costs (if material) incurred during the period of construction are capitalized.

Art collections, library reserve collections, and museum and historical collections, that are considered inexhaustible in that their value does not diminish over time, are not capitalized by the state 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 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
Infrastructure	20-50 years

The cost and related accumulated depreciation of capital assets retired from service, or disposed of, 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 Assets. Depreciation expense related to capital assets is also reported in the Statement of Activities. Capital assets and the related depreciation 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 acquired. No depreciation is reported.

5. Compensated Absences

State employees accrue vested annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 30 days 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 60 days 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 unpaid compensated absences leave outstanding at June 30 with future resources rather than advance funding it with currently available expendable 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 Assets.

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.

6. 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 Assets. Bonds payable are reported net of applicable original issuance premium or discount. When material, bond premiums, discounts, and issue costs 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. Original issuance premiums and discounts on debt issuance are also reported as other financing sources and uses respectively. Issue costs are reported as debt service expenditures.

7. Fund Equity

In the fund financial statements, governmental funds report the difference between fund assets and fund liabilities as "fund balance." Reserved fund balance represents that portion of fund balance that is: (1) not available for appropriation or expenditure, and/or (2) legally segregated for a specific future use. Unreserved, designated fund balance indicates tentative plans for future use of financial resources. Unreserved, undesignated fund balance represents the amount available for appropriation.

In proprietary funds, fund equity is called net assets. Net assets is comprised of three components – invested in capital assets, net of related debt; restricted; and unrestricted.

E. Other Information

1. General Budgetary Policies and Procedures

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 schedules presented as Required Supplementary Information (RSI) are 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 schedules extremely cumbersome. Section 2400.121 of the GASB 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 2005-2007 Biennium to illustrate legal budgetary compliance. Appropriated budget versus actual expenditures, and estimated versus actual revenues and other financing sources (uses) for appropriated funds at agency and appropriation level are presented in Report CAF1054 for governmental funds. A copy of this report is available at the Office of Financial Management, 6639 Capitol Boulevard, PO Box 43113, Olympia, Washington 98504-3113. For additional budgetary information, refer to the notes to RSI.

2. Insurance Activities

Workers' Compensation

Title 51 RCW establishes the state of Washington's workers' compensation program. The statute requires all applicable employers to insure payment of benefits for job related injuries and diseases 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, disability, and pension payments to qualifying individuals sustaining work-related injuries. 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 cost-of-living adjustments (COLA) 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.

Premiums are based on individual employers' reported payroll hours and insurance rates based on each employer's risk classification(s) and past experience. In addition to its regular premium plans, the Workers' Compensation Fund offers a retrospective premium rating plan under which premiums are adjusted annually for up to four years following the plan year based on individual employers' loss experience. Initial adjustments to the standard premiums are paid to or collected from the employers approximately ten months after the end of each plan year.

The Workers' Compensation Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported (IBNR). 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 liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic, legal, and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in

the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Risk Management

Washington State operates a risk management 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 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 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 four fiscal years. Otherwise, the risk management 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 risk management liability program in proportion to the anticipated exposure to liability losses.

Health Insurance

The state of Washington administers and provides medical, dental, basic life, and long-term disability insurance coverage for eligible state employees. In addition, the state offers coverage to K-12 school districts, educational service districts, 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.

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 eligible retirees, former employees, and employees who are temporarily not in pay status. 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 52 percent of the eligible subscribers in Fiscal Year 2006. 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.

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 reports endowments in higher education endowment permanent accounts. These accounts are established outside of the state treasury for use by the higher education institutions. State law permits the governing boards of the institutions to appropriate for expenditure as much of the net appreciation, realized and unrealized, in the fair value of the assets of an endowment fund as is deemed prudent under the facts and circumstances prevailing at the time.

Generally, the institutions use a 5 percent spending rate policy for authorizing and spending investment income.

The net appreciation available for authorization for expenditure by governing boards totaled $138.3 million and is reported in the nonexpendable portion of the reserve for permanent funds.

Note 2 - Accounting and Reporting Changes

Fund equity at July 1, 2005, has been restated as follows (expressed in thousands):

	Fund equity at June 30, 2005, as previously reported	Fund Reclassification	Prior Period Adjustment	Fund equity as restated, July 1, 2005
Governmental Funds:				
General	$ 1,925,176	$ -	$ 43,543	$ 1,968,719
Higher Education Special Revenue	993,085	-	-	993,085
Higher Education Endowment	2,357,200	-	(198,992)	2,158,208
Nonmajor Governmental	3,798,215	447	-	3,798,662
Proprietary Funds:				
Enterprise Funds:				
Workers' Compensation	(6,558,080)	-	-	(6,558,080)
Unemployment Compensation	2,340,868	-	-	2,340,868
Higher Education Student Services	887,864	-	-	887,864
Nonmajor Enterprise	547,997	-	(30)	547,967
Internal Service Funds	(51,759)	-	(5,866)	(57,625)
Fiduciary Funds:				
Private Purpose Trust	2,275	(447)	43,456	45,284
Local Government Investment Pool	4,764,201	-	-	4,764,201
Pension and Other Employee Benefit Plans	51,297,914	-	-	51,297,914
Component Units:				
Public Stadium	437,810	-	2,342	440,152
Nonmajor Component Units	57,439	-	-	57,439

Reporting Changes
Effective for Fiscal Year 2006 reporting, the state implemented two new accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 46, *Net Assets Restricted by Enabling Legislation—an amendment of GASB Statement No. 34*, and

Statement No. 47, *Accounting for Termination Benefits*.

Fund Reclassification – During Fiscal Year 2006, it was determined that activity of a certain Nonmajor Governmental Fund was incorrectly being reported within the Private Purpose Trust Fund. As a result, beginning fund balances were restated to effect proper fund classification as a Special Revenue Fund.

Prior Period Adjustment – The Department of Revenue recorded prior period adjustments to both the General Fund and the Other Private-Purpose Trust Fund to correct the accounting associated with escheat resources.

Washington State University recorded a prior period adjustment in the Higher Education Endowment Fund to correctly account for its foundation.

The Department of Veterans Affairs recorded a prior period adjustment to correct an error in a Nonmajor Enterprise Fund.

The Department of Personnel recorded a prior period adjustment in the Internal Service Funds to properly account for the capitalization of the Human Resource Management System.

The Public Stadium recorded a prior period adjustment to properly accrue prior year capital contributions.

Governmental Capital Assets – The Department of Natural Resources recorded an adjustment to governmental capital assets to correct a prior period overstatement to infrastructure and related accumulated depreciation of $406 million and $46 million, respectively.

Note 3 - Deposits and Investments

A. Deposits

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

The state minimizes custodial credit risk by restrictions set forth in state law. Statutes restrict the State Treasurer 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) constitutes a multiple financial institution collateral pool. Pledged securities under the PDPC collateral pool are held by the PDPC's agent in the name of the collateral pool.

At June 30, 2006, $2.3 billion of the state's deposits with financial institutions were either insured or collateralized, with the remaining $34.1 million uninsured/uncollateralized. The Federal Deposit Insurance Corporation (FDIC) covers the state's insured deposits and the PDPC provides collateral protection.

B. Investments – Pension and Other Employee Benefit Trust Funds (Pension Trust Funds)

1. SUMMARY OF INVESTMENT POLICIES

The Washington State Investment Board (WSIB) has been authorized by statute as having the investment management responsibility for the pension trust funds. The WSIB manages pension fund assets to maximize return at a prudent level of risk (RCW 43.33A.110). WSIB establishes asset allocation targets that must be considered at all times when making investment decisions.

Eligible Investments - Pension trust funds are invested in the Commingled Trust Fund (CTF). The CTF is comprised of public market equities, fixed income securities, private equity investments and real estate. The CTF's performance benchmark objective is to exceed the return of a policy benchmark consisting of public market indices weighted according to asset allocation targets. The asset allocation for the CTF is formally reviewed every three to four years.

The public markets equity portion of the retirement fund includes strategies in the U.S., developed international and emerging markets. Since the U.S. equity markets are generally efficient, the domestic equity portfolio is almost entirely (77 percent) passively managed with the rest in an enhanced index strategy. Over time, the domestic equity portfolio should track the return of a broad U.S. market benchmark, the Dow Jones Wilshire 5000 Index. Non-U.S. markets are generally less efficient than the U.S. market: therefore, more active management will be included in the approach taken with international markets. The weightings of the elements of the developed markets and emerging markets of the non-U.S. equity program is similar to the weightings of the MSCI All Country World ex. U.S. Index which serves as the benchmark for the WSIB's entire non-U.S. program.

The fixed income investments of the pension trust funds are actively managed to exceed the return of the Lehman Universal Index, with volatility similar to or less than the index. The portfolio constraints are that no corporate fixed income issue shall exceed 3 percent of cost at the time of purchase or 6 percent of market value thereafter of the fund, and no high yield issues shall exceed 1 percent of cost or 2 percent of market value of the fund. Permissible fixed income market segments include: U.S. Treasuries and government agencies, Treasury Inflation Protection Securities, investment-grade credit bonds, high yield bonds, publicly traded mortgage-backed securities, commercial mortgage-backed securities, privately-placed mortgages, private placements of corporate debt, asset-backed securities, convertible securities, non-dollar bonds, real estate mortgages and Washington State Housing Finance Commission taxable municipal bonds up to a total of $25 million with a maximum of $10 million per year.

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 include venture capital investments, corporate finance (including leveraged, management and employee buyouts), distressed, international and mezzanine investments. Private equity investments are made through limited partnership vehicles. The private equity portfolio has diversified investments in companies in a variety of stages of growth. The portfolio also includes a broad cross-section of opportunities in different industries, and geographic regions.

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 combination of 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. The real estate portfolio is managed to deliver risk-adjusted returns that are consistent with the Board'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 to liquidation, acquisition, and ongoing operational decisions like annual capital expenditures.

2. SECURITIES LENDING

State law and Board policy permit the WSIB to participate in securities lending programs to augment investment income. The Board has entered into an agreement with State Street Bank and Trust (SSB) to act as agent for the WSIB in securities lending transactions. As SSB is the custodian bank for the WSIB, it is counterparty to securities lending transactions.

In accordance with GASB Statement 28, the WSIB reports securities lent (the underlying securities) as assets in the statement of net assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are reported assets if the WSIB has the ability to pledge or sell them without a borrower default. Liabilities resulting from these transactions are reported in the statement of net assets. Securities lending transactions collateralized by securities that the WSIB does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities.

Securities were loaned and collateralized by the WSIB's agent with cash and U.S. government securities (exclusive of mortgage backed securities and letters of credit), and irrevocable letters of credit. When the loaned securities were denominated in United States dollars, were securities whose primary trading market was located in the United States or were sovereign debt issued by foreign governments, the collateral requirement was 102 percent of the market value of the securities loaned. When the loaned securities were not denominated in United States dollars or were securities whose primary trading market was not located in the United States, the collateral requirement was 105 percent of the market value of the loaned securities. The collateral held and market value of securities on loan at June 30, 2006 were $5.7 billion and $5.6 billion respectively.

During Fiscal Year 2006, securities lending transactions could be terminated on demand by either the WSIB or the borrower. The average term of overall loans was 32 days.

Cash collateral was invested by the WSIB's agents in securities issued or guaranteed by the U.S. government, the WSIB's short-term investment pool (average weighted maturity of 312 days) or term loans. 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. 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. SSB indemnified the WSIB 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. SSB'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 2006, there were no significant violations of legal or contractual provisions, or failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the WSIB incurred no losses during Fiscal Year 2006 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 of debt investments will adversely affect the fair value of an investment. The pension fixed income investments are actively managed to exceed the return of the Lehman Universal Index, with volatility as measured by duration to be similar to or less than the index. Pension trust funds are invested in U.S. agencies and corporate debt variable-rate securities, most of which reset periodically to the market interest rate. Because these securities frequently reprice to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date.

The following schedule presents the pension fund investments by type and provides information about the interest rate risks associated with the pension trust funds investments as of June 30, 2006. The schedule displays various asset classes held by maturity in years and credit ratings. Variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

Pension Trust Funds
June 30, 2006
(expressed in thousands)

		Maturity				
Investment Type	**Fair Value**	Less than 1 year	1-5 years	6-10 years	More than 10 years	**Credit Rating**
Asset Backed Securities	$ 16,103	$ -	$ 1,717	$ -	$ 14,386	Aaa
Mortgages:						
Collateralized Mortgage Obligations	1,395,845	23,960	338,970	774,824	258,091	Multiple
Pass Throughs	2,437,152	709	1,485,033	876,328	75,082	Multiple
Non-Standard Mortgages	5,066	-	1,377	2,541	1,148	Multiple
Commercial Mortgage Backed Securities	495,134	-	248,261	246,874	-	Multiple
Corporate Bonds - Domestic	4,582,392	295,398	1,493,788	1,940,581	852,625	Multiple
Government Securities - Domestic:						
US Government Treasuries	1,126,654	11,004	176,924	422,218	516,508	Aaa
Treasury Inflation Protected Securities	2,426,499	541,914	1,071,869	812,716		Aaa
Government Securities - Foreign	89,704	-	59,218	30,486	-	Multiple
Variable Rate Notes	660,496	157,333	102,425	16,365	384,374	Multiple
	$ 13,235,045	$ 1,030,318	$ 4,979,582	$ 5,122,933	$ 2,102,214	
Corporate Stock - Domestic	1,185,908					
Corporate Stock - Foreign	8,024,644					
Commingled Index Funds - Domestic	10,956,354					
Commingled Index Funds - Foreign	4,235,629					
Money Market Funds	1,254,841					
Private Equity	9,028,773					
Real Estate	5,656,672					
Currencies	109,412					
Securities Lending Collateral Balances	5,669,883					
Defined Contribution Plans Assets:						
Short-Horizon	41,542					
Mid-Horizon	139,559					
Long-Horizon	139,216					
Mutual Funds:						
Domestic Equity Passive	1,248,890					
Non-US Passive Developed	250,807					
Domestic Equity Active	1,053,674					
Non-US Active Developed	96,316					
Washington State Bond Fund	263,471					
Savings Pool	702,339					
Money Market Mutual Funds	310,997					
Total	$ 63,603,972					

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

Pension Trust Funds
Investments with Multiple Credit Ratings
June 30, 2006
(expressed in thousands)

	Investment Type							
Moody's Equivalent Credit Rating	Corporate Bonds - Domestic	Variable Rate Notes	Collateralized Mortgage Obligations	Pass Throughs	Non-Standard Mortgages	Government Securities - Foreign	Commercial Mortgage Backed Securities	**Total**
Aaa	$ 527,729	$ 343,293	$ 1,353,258	$ 2,342,296	$ 2,675	$ 33,470	$ 470,927	$ 5,073,648
Aa1	171,514	-	-	-	-	-	-	171,514
Aa2	174,992	34,293	-	-	-	-	-	209,285
Aa3	605,010	92,078	-	-	-	-	-	697,088
A1	632,564	6,229	-	-	-	-	-	638,793
A2	269,996	58,550	-	-	-	-	-	328,546
A3	312,156	28,783	-	-	-	-	-	340,939
Baa1	517,062	11,345	-	-	-	-	-	528,407
Baa2	640,728	35,852	-	-	-	-	-	676,580
Baa3	248,120	7,862	-	-	-	-	-	255,982
NR	482,521	42,211	42,587	19,773	2,390	56,234	24,207	669,923
Total	$ 4,582,392	$ 660,496	$ 1,395,845	$ 2,362,069	$ 5,065	$ 89,704	$ 495,134	$ 9,590,705

4. CREDIT RISK

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WSIB investment policy mitigates credit risk by limiting holdings of below investment grade fixed income securities. Rated debt investments of the pension trust funds as of June 30, 2006, 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 WSIB policy states no corporate fixed income issue shall exceed 3 percent of cost at the time of purchase or 6 percent of market value thereafter of the fund, and no high yield issues shall exceed 1 percent of cost or 2 percent of market value of the fund. There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2006.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of failure of the custodian, the WSIB would not be able to recover its investment securities or collateral securities that are in the possession of the custodian. The WSIB has no formal policy regarding custodial credit risk. However, as all of the pension fund system assets are registered and held in the state of Washington's name, they are not subject to custodial credit risk.

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 WSIB does 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 pension fund investments to foreign currency risk. The schedule provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. The pension trust funds also had $4.2 billion invested in an international commingled equity index fund. As such, these currency denominations are not presented in the following schedule.

Pension Trust Funds
Foreign Currency Risk
June 30, 2006
(expressed in thousands)

Foreign Currency Denomination	Investment Type: Short Term	Fixed Income	Equity	Private Equity	Real Estate	Total
Australia-Dollar	$ 6,784	$ -	$ 313,514	$ -	$ -	$ 320,298
Austria-Schilling	-	-	71,120	-	-	71,120
Belgium-Franc	-	-	46,266	-	-	46,266
Brazil-Real	208	89,704	44,203	-	-	134,115
Britain-Pound	14,181	-	1,350,898	75,951	69,516	1,510,546
Canada-Dollar	146	-	287,915	-	15,966	304,027
Chinese-Yuan	-	-	-	-	13,566	13,566
Denmark-Krone	947	-	29,210	-	-	30,157
E.M.U.-Euro	28,527	-	92,099	767,541	326,012	1,214,179
Finland-Markka	-	-	80,399	-	-	80,399
France-Franc	-	-	765,508	-	-	765,508
Germany-Mark	-	-	600,719	-	-	600,719
Greece-Drachma	-	-	46,487	-	-	46,487
Hong Kong-Dollar	4,934	-	184,985	-	16,936	206,855
Hungary-Forint	-	-	9,083	-	-	9,083
Indonesia-Rupiah	75	-	2,078	-	-	2,153
Ireland-Punt	-	-	14,428	-	-	14,428
Italy-Lira	-	-	297,959	-	-	297,959
Japan-Yen	32,821	-	1,647,251	-	182,880	1,862,952
Lithuania-Litas	5	-	132	-	-	137
Luxembourg-Franc	-	-	3,182	-	-	3,182
Malaysia-Ringgit	-	-	6,444	-	-	6,444
Mexico-Peso	-	-	23,805	-	-	23,805
Netherland-Guilder	-	-	423,075	-	-	423,075
New Zealand-Dollar	30	-	13,631	-	-	13,661
Norway-Krone	12,671	-	149,271	-	-	161,942
Pakistan-Rupee	-	-	12,690	-	-	12,690
Philippines-Peso	15	-	1,257	-	-	1,272
Poland-Zloty	16	-	48,456	-	-	48,472
Portugal-Escudo	-	-	9,577	-	-	9,577
Singapore-Dollar	468	-	75,926	8,650	-	85,044
South Africa-Rand	-	-	33,733	-	-	33,733
South Korea-Won	69	-	51,955	-	9,941	61,965
Spain-Peseta	-	-	344,396	-	-	344,396
Sweden-Krona	5,773	-	188,885	57,257	-	251,915
Switzerland-Franc	1,780	-	453,230	-	-	455,010
Thailand-Baht	-	-	1,871	-	226	2,097
Turkey-Lira	-	-	22,410	-	-	22,410
Total	$ 109,450	$ 89,704	$ 7,748,048	$ 909,399	$ 635,043	$ 9,491,644

6. DERIVATIVES

WSIB is authorized to utilize various derivative financial instruments, including mortgage-backed securities, financial futures, forward contracts, interest rate and equity swaps, and options to manage its exposure to fluctuations in interest and currency rates while increasing portfolio returns. Derivative transactions involve varying degrees of market and credit risk. WSIB mitigates market risks arising from derivative transactions by requiring collateral in cash and investments to be maintained equal to the securities positions outstanding, and 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.

Consistent with the WSIB authority to invest in derivatives, international active equity managers may make limited investments in financial futures, forward contracts or other derivative securities to manage exposure to currency rate risk and equitize excess cash holdings. No such derivative securities were held as of June 30, 2006. 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, 2006, the only derivative securities held directly by WSIB were collateralized mortgage obligations (CMOs) of $1.4 billion.

7. REVERSE REPURCHASE AGREEMENTS

State law permits WSIB to enter into reverse repurchase agreements, that is, a sale 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 underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers margin against a decline in market value of the securities. If the dealers default on their obligations to resell these securities to the state or provide securities or cash of equal value, WSIB 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. There were no reverse repurchase agreements during the year and there were no liabilities outstanding as of June 30, 2006.

C. Investments – Workers' Compensation Fund

1. SUMMARY OF INVESTMENT POLICIES

Under RCW 43.33A.030, trusteeship over the investment of the workers' compensation fund investments is vested in the WSIB. The Legislature established a standard of care for investment of these funds in RCW 43.33A.140. Additionally, the WSIB must comply with other state laws, such as the Ethics in Public Service Act, RCW 42.52, as it makes investment decisions and seeks to meet its investment objectives.

In accordance with state laws, workers' compensation fund investments are to be 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 those above, achieve a maximum return at a prudent level of risk.

Eligible Investments – Eligible investments include:

- U.S. Equities.
- International Equities.
- U.S. Treasuries and Government Agencies.
- Credit Bonds.
- Mortgage-Backed Securities rated BBB- or higher by Standard & Poor's and Baa3 or higher by Moody's Investor's Service (Moody's).
- Asset-Backed Securities rated BBB- or higher by Standard & Poor's and Baa3 or higher by Moody's.
- Commercial Mortgage-Backed Securities rated BBB- or higher by Standard & Poor's and Baa3 or higher by Moody's.
- Investment Grade Non-U.S. Dollar Bonds.

Investment Restrictions - To meet stated objectives, investments of workers' compensation funds are subject to the following constraints:

- Asset allocation between equity and fixed income investments must fall within prescribed limits and are to be reviewed every three to four years or sooner if there are significant changes in funding levels or the liability durations.

- No corporate fixed income issue cost shall exceed 3 percent of the fund's market value at the time of purchase, nor shall its market value exceed 6 percent of the fund's market value at any time.
- Allocation of equity investments between U.S. and International must fall within prescribed limits. The benchmark and structure for U.S. equities is the broad U.S. stock market as defined by the Dow Jones-Wilshire 5000. The benchmark and structure for international equities is the Morgan Stanley Capital Indexes Europe, Australia, Far East (MSCI EAFE) index. Both portfolios are 100 percent passively managed in commingled index funds. The commingled funds may use futures for hedging or establishing a long position.
- The fixed income portfolios' structure varies depending upon the required duration target. The duration targets are reviewed every three years, or sooner, if there are significant changes in the funding levels or the liability durations.
- Sector allocation of fixed income investments must be managed within the prescribed ranges. 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 as soon as it is practical to the target allocations.
- Total holdings of below investment grade credit bonds (rated BB+ or below by Standard & Poor's or rated Ba1 or below by Moody's) should not exceed 5 percent of total fixed income holdings.

2. SECURITIES LENDING

State law and Board policy permit the WSIB to participate in securities lending programs to augment investment income. The Board has entered into an agreement with State Street Bank and Trust (SSB) to act as agent for the WSIB in securities lending transactions. As SSB is the custodian bank for the WSIB, it is counterparty to securities lending transactions.

The Securities Lending Collateral Balances included are from securities required to be listed under GASB 3 Category 3 – Uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the government's name. (This includes the amount of any repurchase agreement that exceeds the market value of the underlying securities.)

In accordance with GASB Statement 28, the WSIB reports securities lent (the underlying securities) as assets in the statement of net assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are reported assets if the WSIB has the ability to pledge or sell them without a borrower default. Liabilities resulting from these transactions are reported in the statement of net assets. Securities lending transactions collateralized by securities that the WSIB does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities.

Securities were loaned and collateralized by the WSIB's agent with cash and U.S. government securities (exclusive of mortgage backed securities and letters of credit), and irrevocable letters of credit. When the loaned securities were denominated in United States dollars, were securities whose primary trading market was located in the United States or were sovereign debt issued by foreign governments, the collateral requirement was 102 percent of the market value of the securities loaned. When the loaned securities were not denominated in United States dollars or were securities whose primary trading market was not located in the United States, the collateral requirement was 105 percent of the market value of the loaned securities. The collateral held and market value of securities on loan at June 30, 2006 was $1.2 billion and $1.2 billion respectively.

During Fiscal Year 2006, securities lending transactions could be terminated on demand by either the WSIB or the borrower. The average term of overall loans was 32 days.

Cash collateral was invested by the WSIB's agents in securities issued or guaranteed by the U.S. government, the WSIB's short-term investment pool (average weighted maturity of 312 days) or term loans. 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. 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. SSB indemnified the WSIB 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. SSB'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 2006, 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 WSIB incurred no losses during Fiscal Year 2006 resulting from a default by either the borrowers or the securities lending.

3. INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The workers' compensation fixed income investments are actively managed to exceed the return of the Lehman Aggregate Index, with volatility as measured by duration to be similar to or less than the index. As of June 30, 2006, the durations of the various fixed income classes were within the duration targets of the Lehman Aggregate Index.

The workers' compensation fund investments include both U.S. agencies and corporate debt variable-rate securities, most of which reset periodically to the market interest rate. Because these securities frequently reprice to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date.

The following schedule presents the workers' compensation fund investments by type and provides information about the interest rate risks associated with the investments as of June 30, 2006. The schedule displays various asset classes held by maturity in years and credit ratings. Variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

Workers' Compensation Fund
June 30, 2006
(expressed in thousands)

		Maturity				
Investment Type	**Fair Value**	Less than 1 year	1-5 years	6-10 years	More than 10 years	**Credit Rating**
Asset Backed Securities	$ 5,162	$ -	$ 5,162	$ -	$ -	Aaa
Mortgages:						
Collateralized Mortgage Obligations	1,612,418	7,578	230,737	294,589	1,079,514	Multiple
Pass Throughs	2,744	244	2,492	8	-	Aaa
Non-Standard Mortgages	28,356	12,902	13,574	-	1,880	Multiple
Commercial Mortgage Backed Securities	633,660	5,513	369,677	258,470	-	Multiple
Corporate Bonds - Domestic	4,455,071	256,743	1,021,374	1,023,649	2,153,305	Multiple
Government Securities-Domestic:						
US Government Treasuries	1,077,209	19,682	73,769	85,823	897,935	Aaa
US Government Agencies	210,062	-	-	-	210,062	Aaa
Variable Rate Notes	62,784	62,784	-	-	-	Multiple
	8,087,466	$ 365,446	$ 1,716,785	$ 1,662,539	$ 4,342,696	
Commingled Index Funds-Domestic	1,584,407					
Commingled Index Funds-Foreign	321,622					
Money Market Funds	176,990					
Securities Lending Collateral Balances	1,223,900					
Total	$ 11,394,385					

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

Workers' Compensation Fund
Investments with Multiple Credit Ratings
June 30, 2006
(expressed in thousands)

Moody's Equivalent Credit Rating	Investment Type: Corporate Bonds - Domestic	Variable Rate Notes	Collateralized Mortgage Obligations	Non-Standard Mortgages	Commercial Mortgage Backed Securities	Total
Aaa	$ 420,927	$ -	$ 1,542,972	$ 26,733	$ 586,052	$ 420,927
Aa1	131,418	-	-	-	-	131,418
Aa2	111,824	-	-	-	-	111,824
Aa3	509,083	20,053	-	-	-	529,136
A1	589,182	34,998	-	-	-	624,180
A2	465,974	-	-	-	-	465,974
A3	523,906	-	-	-	-	523,906
Baa1	559,517	-	-	-	-	559,517
Baa2	806,528	7,733	-	-	-	814,261
Baa3	234,391	-	-	-	-	234,391
NR	102,321	-	69,446	1,622	47,608	102,321
Total	$ 4,455,071	$ 62,784	$ 1,612,418	$ 28,355	$ 633,660	$ 4,517,855

4. CREDIT RISK

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WSIB investment policy mitigates credit risk by limiting holdings of below investment grade fixed income securities. The rated debt investments of the workers' compensation funds as of June 30, 2006, 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 WSIB policy states that the cost of no corporate fixed income issue shall exceed 3 percent of the fund's market value at the time of purchase, nor shall its market value exceed 6 percent of the fund's market value at any time. There was no concentration of credit risk as of June 30, 2006.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of failure of the custodian, the WSIB would not be able to recover its investment securities or collateral securities that are in the possession of the custodian. The WSIB has no formal policy regarding custodial credit risk. However, as all of the workers' compensation fund assets are registered and held in the state of Washington's name, they are not subject to custodial credit risk.

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 WSIB does not have a formal policy to limit foreign currency risk. The workers' compensation funds had $321.6 million invested in an international commingled equity index fund. As such, no currency denomination is presented.

6. DERIVATIVES

WSIB is authorized to utilize various derivative financial instruments, including mortgage-backed securities, financial futures, forward contracts, interest rate and equity swaps, and options to manage its exposure to fluctuations in interest and currency rates while increasing portfolio returns. Derivative transactions involve, to varying degrees, market and credit risk. WSIB mitigates market risks arising from derivative transactions by requiring collateral in cash and investments to be maintained equal to the securities positions outstanding, and 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.

Consistent with the WSIB authority to invest in derivatives, international active equity managers may make limited investments in financial futures, forward contracts or other derivative securities to manage exposure to currency rate risk and equitize excess cash holdings. No such derivative securities were held as of June 30, 2006. 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, 2006, the only derivative securities held directly by WSIB were collateralized mortgage obligations (CMOs) of $1.6 billion.

7. REVERSE REPURCHASE AGREEMENTS

State law permits WSIB to enter into reverse repurchase agreements, that is, a sale 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 underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers margin against a decline in market value of the securities. If the dealers default on their obligations to resell these securities to the state or provide securities or cash of equal value, WSIB 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. There were no reverse repurchase agreements during Fiscal Year 2006 and there were no liabilities outstanding as of June 30, 2006.

D. Investments – Local Government Investment Pool (LGIP)

1. SUMMARY OF INVESTMENT POLICIES

The LGIP is managed and operated by the Office of the State Treasurer (OST). The OST is responsible for establishing the investment policy for the pool. It is reviewed annually 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.

Investment Objectives - The LGIP is comparable to a Rule 2a-7 money market fund 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.

The objectives of the LGIP investment policy, in priority order, are safety, liquidity, and return on investment. To provide for the safety and liquidity of 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 the policy.
- Limit the purchase of investments in securities so that the weighted average maturity of the portfolio, as defined in Section VI of the policy, does not exceed 90 days.
- Limit the purchase of investments to securities that have a maximum final maturity of 397 days, with the exceptions listed in section VI of the policy.
- Limit the purchase of investments in securities other than those issued by the U.S. government or its agencies.
- Prepare regular reports of portfolio activity.

The primary objective of safety will be measured in cash, as opposed to accounting terms, where different, and in terms of the portfolio, as a whole, as opposed to the terms of any individual transaction. This means, for example, that a single transaction that generated an accounting loss but actually increased the amount of cash received in the portfolio would be considered to have increased capital, and not decreased it.

Within the restrictions necessary to ensure the safety and liquidity of funds, the investment portfolio of the LGIP will be structured to attain a market rate of return throughout an economic cycle.

Eligible Investments - Eligible investments are only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.84.080 and 43.250). 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 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 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.
- Obligations of the state of Washington or its political sub-divisions.

Investment Restrictions - To provide for the safety and liquidity of LGIP Funds, the investment portfolio will be subject to the following restrictions:

- All money market securities are required to be rated A-1 by Standard and Poor's Corporation and P-1 by Moody's Investors Services, Inc.
- Investments are restricted to fixed rate securities that mature in 397 days or less, and floating and variable rate securities that mature in 762 days or less.
- The weighted average maturity of the portfolio may not exceed 90 days.
- 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

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 2006, 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, the contract with the lending agent requires them to indemnify the LGIP if the borrowers fail to return the 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 neither violations of legal or contractual provisions nor any losses resulting from a default of a borrower or lending agent during the year.

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, which has contracted with a lending agent to lend securities in the LGIP, earns a fee for this activity. The lending agent lends securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair value of the loaned securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent. The cash is invested by the lending agent in repurchase agreements or money market instruments, 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. At June 30, 2006, all LGIP securities on loan were collateralized by cash and other securities and are classified in the following schedule of custodial credit risk according to the category for the collateral received on the securities lent. On June 30, 2006, the average life of both the loans and the investment of cash received as collateral was three days.

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 LGIP policy places a 90-day maximum on the weighted average maturity. Further, the maximum maturity of any security may not exceed 397 days, except securities utilized in repurchase agreements and U.S. Agency floating or variable rate notes with reset dates less than a year and which on any reset date can reasonably be expected to have a market value that approximates its amortized cost. As of June 30, 2006, the LGIP had a weighted average maturity of 38 days.

The following schedule presents the LGIP investments by type and provides information about the interest rate risks associated with the LGIP investments as of June 30, 2006.

Local Government Investment Pool (LGIP)
June 30, 2006
(expressed in thousands)

		Maturity	
Investment Type	**Fair Value**	Less than 1 year	1-5 years
U.S. Agency Obligations	$ 1,115,036	$ 1,065,047	$ 49,989
U.S. Government Obligations	19,919	19,919	-
Certificates of Deposit	862,506	862,506	-
Repurchase Agreements	3,280,925	3,280,925	-
Securities Lending Collateral	44,790	44,790	-
Total	$ 5,323,176	$ 5,273,187	$ 49,989

4. CREDIT RISK

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a failure of the counter party, the LGIP will not be able to recover the value of the investment 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. All securities held as collateral were rated AAA. The market value of securities held for collateral 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 percentage of the portfolio invested with any one issuer.

5. FOREIGN CURRENCY RISK - None

6. DERIVATIVES – None

7. REVERSE REPURCHASE AGREEMENTS

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 fair 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 fair 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 fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest.

Repurchase agreements are collateralized at 102 percent. The collateral is priced daily and held by the LGIP's custodian in the state's name. Collateral for mortgage-backed repurchase agreements with a maturity date longer than seven days will be priced at 105 percent of fair value, plus accrued interest. Collateralized Mortgage Obligations (CMO) used as collateral for repurchase agreements must pass the Federal Financial Institutions Examination Council (FFIEC) test, or not exceed a volatility rating of V-5 by Fitch Investor Services, or a similar rating of a nationally recognized rating agency.

During the Fiscal Year 2006, the LGIP did not enter into any reverse repurchase agreements and there were no obligations under reverse repurchase agreements outstanding at year-end.

E. Investments – Higher Education Special Revenue and Endowment Funds

1. SUMMARY OF INVESTMENT POLICIES

The investments of the University of Washington represent 75 percent of the total investments in Higher Education Special Revenue and Endowment 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 (UWINCO), comprised of Board members and investment professionals, advise 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 lent securities, mutual funds, venture capital, private equity, distressed, marketable alternatives, mortgages, real estate, and miscellaneous investments.

The University combines most short-term cash balances in the Invested Funds Pool. At June 30, 2006, the Invested Funds Pool totaled $727.2 million. The fund also owns units in the Consolidated Endowment Fund valued at $376.4 million on June 30, 2006. By University policy, departments with qualifying funds in the Invested Funds Pool receive one of four rates of return based on the realized yield of the portfolio. Long-term deposits received 3.2 percent for Fiscal Year 2006. Operating and plant fund balances of self-sustaining units received 2.9 percent. Royalty accounts received 1.0 percent and gift accounts received 3.0 percent. 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 subscribe to or dispose of 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. The CEF income distribution is 5 percent of the average fair value of the CEF for the previous three years. State law allows for the spending of appreciation in the CEF.

The University records its permanent endowments at the lower of original value or current market value in the Restricted Nonexpendable Net Assets category. Of the total of approximately $969 million permanent endowment funds (at market value) as of June 30, 2006, the aggregate amount of the deficiencies for all funds for which the fair value of the assets is less than the original gifts is $89,000.

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 approximately $53.5 million at June 30, 2006. Income received from these trusts was $2.7 million for the year ended June 30, 2006.

2. SECURITIES LENDING

The University's investment policies permit it to lend its securities to broker dealers and other entities. The University's custodian lends securities for collateral in the form of cash or other securities, with the simultaneous agreement to return the collateral for the same securities in the future. U.S. securities are loaned and secured by collateral valued at 102 percent of the fair value of the securities plus any accrued interest. Non-U.S. securities are loaned and secured by collateral valued at 105 percent of the fair value of the securities plus any accrued interest. At year-end, the University had no credit risk exposure to borrowers because the amounts the University owes the borrowers exceed the amounts the borrowers owe the University.

The contract with the custodian requires it to indemnify the University if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the University for income distributions by the securities' issuers while the securities are on loan.

Either the University or the borrower can terminate all securities loans on demand, although the average term of overall loans is 125 days. Cash collateral is invested in a short-term investment pool that had an average weighted maturity of 39 days as of June 30, 2006. The relationship between the maturities of the investment pool and the University's loans is affected by the maturities of the securities loaned by other entities that use the custodian's pool. The University cannot determine the maturities of these loaned securities. The University cannot sell or pledge non-cash collateral unless the borrower defaults. Non-cash collateral at June 30, 2006, was $27.3 million.

Securities on loan at June 30, 2006, totaled $342.6 million, and are presented by investment type in the following schedule. The securities lending program resulted in net revenues of $.7 million for the year ended June 30, 2006.

The following schedule presents the fair value of the University of Washington's investments by type at June 30, 2006.

University of Washington
June 30, 2006
(expressed in thousands)

Investment Type		Fair Value
Cash Equivalents	$	128,840
Cash Equivalents-Loaned		13,991
Domestic Fixed Income		800,297
Domestic Fixed Income-Loaned		236,298
Foreign Fixed Income		61,482
Domestic Equity		420,928
Domestic Equity-Loaned		55,301
Foreign Equity		487,140
Foreign Equity-Loaned		37,046
Non-Marketable Alternatives		259,542
Marketable Alternatives		245,795
Real Estate		37,236
Miscellaneous		4,986
Total Investments		2,788,882
Collateral from Securities Lending - Cash		321,498
Total	$	3,110,380

3. INTEREST RATE RISK

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 the ample freedom for the manager to perform, while controlling the interest rate risk in the portfolio. Modified duration, which estimates the sensitivity of a bond's price to interest rate changes, is based on Macaulay duration. Macaulay duration is the basic calculation developed for a portfolio of bonds assembled to fund a fixed liability. Macaulay duration is calculated as follows: sum of discounted time-weighted cash flows / bond price. Modified duration is calculated using the following formula: Macaulay duration / (1 + yield-to-maturity/ number of coupon payments per year).

The Interest Rate Risk Schedule presents the modified duration of the University's investments for which duration is measured.

Approximately $245.5 million of additional domestic fixed income securities (including Loaned) and $31.7 million of additional foreign fixed income securities, which in total makeup 10 percent of the University's investments, are not included in the duration figures below. These investments, some of which are managed by the University and others by the University's affiliates, are not invested under the same investment strategy or with the same custodian as those detailed in the following schedule.

University of Washington
Interest Rate Risk
Duration as of June 30, 2006
(expressed in thousands, modified duration in years)

	Consolidated Endowment Fund		Invested Funds Pool	
	Asset Value	Duration	Asset Value	Duration
Domestic Fixed Income				
Asset Backed	$ 8,770	1.82	$ 150,926	1.11
Cash Equivalents (Short-term Money Market)	8,901	0.05	19,100	0.06
Corporate Bonds	10,311	5.35	12,627	1.95
Government & Agencies	44,390	5.08	291,358	2.95
Mortgage Related	31,106	3.69	213,571	2.44
Subtotal	103,478	3.98	687,582	2.29
Foreign Fixed Income				
International Fixed	29,115	6	715	4
Total	$ 132,593	4.36	$ 688,297	2.29

4. CREDIT RISK

The University investment policies limit investments to investment grade assets. The Investment Policy for the University's operating funds reflects a higher level of credit risk/loss sensitivity and requires each manager to maintain a specific average AA rating as issued by a nationally recognized rating organization. Additionally, the investment policy requires the operating funds to have 50 percent of the assets invested 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 assets are held in the name of the University of Washington 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 University mitigates concentration of credit risk by maintaining a portfolio of investment grade assets and by the due diligence of each manager.

5. FOREIGN CURRENCY RISK

The University's investment policies permit investments in international equity and other asset classes that can include foreign currency exposure.

The University's investment strategy within the Invested Funds Pool is to hedge exposure to foreign currency. Within this pool, the University enters into foreign currency forward contracts, futures contracts, and options to hedge the foreign currency exposure.

At June 30, 2006, the University had net outstanding forward commitments to sell foreign currency with a total fair value of $29 million, which equals 1.0 percent of the total portfolio.

As part of the investment strategy, the University does not hedge foreign currency exposure within the equity portion of the Consolidated Endowment Fund.

The following schedule details the market value of foreign denominated securities by currency type in the Consolidated Endowment Fund.

University of Washington
Consolidated Endowment Fund
Foreign Currency Risk
June 30, 2006
(expressed in thousands)

Foreign Currency	Market Value
Euro	$ 204,776
British - Pound	104,274
Japan - Yen	146,998
Switzerland - Franc	26,192
Canadian - Dollar	23,950
Other (less than 3% each)	168,109
Total	$ 674,299

6. DERIVATIVES
The University's investments include certain derivative instruments and structured notes that derive their value from a security, asset, or index. Such investments are governed by the University's Investment Policies and Guidelines, which effectively constrain their use by establishing (a) duration parameters which limit price sensitivity to interest rate fluctuations (market risk), (b) minimum quality ratings at both the security and portfolio level, and (c) a market index as a performance benchmark.

7. REVERSE REPURCHASE AGREEMENTS - None

F. Investments – Office of the State Treasurer (OST) Cash Management Account

1. SUMMARY OF INVESTMENT POLICIES
The OST operates the state's Cash Management Account for investing Treasury/Trust Funds in excess of daily requirements.

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 (RCW 39.58, 39.59, 43.84.080 and 43.250). 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 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 State Treasurer adheres with policies and procedures of the 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, for proceeds of bonds or other debt obligations, when the investments are made in order to comply with the Internal Revenue Code of 1986, as amended.
- Obligations of the state of Washington or its political sub-divisions.

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 (CMO) requires prior approval from the treasurer or assistant treasurer; CMO securities must pass the Federal Institutions Examination Council (FFIEC) test, or not exceed a volatility rating of V-5 by Fitch Investor Services, or a similar rating of a nationally recognized rating agency.
- The allocation to investments subject to high 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, which has contracted with a lending agent to lend securities, earns a fee for this activity. The OST lending agent lends U.S. Government and U.S. Agency securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair value of the loaned securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent. The cash is invested by the lending agent in repurchase agreements or money market instruments, in accordance with investment guidelines approved by the OST. The securities held as collateral and the securities underlying the cash collateral are held by the custodian. The contract with the lending agent requires them to indemnify the OST if the borrowers fail to return the 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, 2006, securities on loan approximated $244 million. All OST securities on loan were collateralized by cash and other securities and are classified in the schedule of custodial credit risk according to the category for the collateral received on the securities lent. On June 30, 2006, the average life of both the loans and the investment of cash received as collateral was three days.

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 2006, 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 will adversely affect the value of the investment. The Treasury/Trust investments are separated into two main portfolios. The OST's investment policy limits the weighted average maturity of its investments, according to the objectives of each portfolio.

The following schedule presents the fair value of the OST's investments by type at June 30, 2006.

Office of the State Treasurer (OST)
Cash Management Account
June 30, 2006
(expressed in thousands)

		Maturity		
Investment Type	**Fair Value**	Less than 1 year	1-5 years	6-10 years
U.S. Government Obligations	$ 102,355	$ 56,486	$ 45,869	$ -
U.S. Agency Obligations	2,575,030	1,530,071	995,848	49,111
Certificates of Deposit	957,262	957,262	-	-
Repurchase Agreements	821,000	821,000	-	-
Securities Lending Collateral	250,240	250,240	-	-
Total	$ 4,705,887	$ 3,615,059	$ 1,041,717	$ 49,111

4. CREDIT RISK

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 certificates of deposit with qualified public depositories.

Custodial Credit Risk - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The OST investment policy requires that securities purchased by the office to 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 2006, the non-governmental securities of a single issuer held by the Cash Management Account did not exceed 5 percent of the total portfolio.

5. FOREIGN CURRENCY RISK - None

6. DERIVATIVES - None

7. REVERSE REPURCHASE AGREEMENTS

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 fair 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 fair 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 fair 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.

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 securities utilized in all other 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 Treasury/Trust custodian in the state's name. Collateralized Mortgage Obligations (CMO) utilized in repurchase agreements must pass the Federal Financial Institutions Examination Council (FFIEC) test, or not exceed a volatility rating of V-5 by Fitch Investor Services, or a similar rating of a nationally recognized rating agency.

During the Fiscal Year 2006, the OST did not enter into any reverse repurchase agreements and there were no obligations under reverse repurchase agreements outstanding at year-end.

Note 4 - Receivables and Deferred/Unearned Revenues

A. Governmental Funds

Taxes Receivable

Taxes receivable at June 30, 2006, consisted of the following (expressed in thousands):

Taxes Receivable	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Property	$ 876,924	$ -	$ -	$ 634	$ 877,558
Sales	1,351,411	4,273	-	11,703	1,367,387
Business and occupation	417,168	-	-	-	417,168
Estate	7,791	-	-	-	7,791
Fuel	-	-	-	90,711	90,711
Other	95,339	-	-	7,988	103,327
Subtotals	2,748,633	4,273	-	111,036	2,863,942
Less: Allowance for uncollectible receivables	30,701	-	-	135	30,836
Total Taxes Receivable	$ 2,717,932	$ 4,273	$ -	$ 110,901	$ 2,833,106

Other Receivables

Other receivables at June 30, 2006, consisted of the following (expressed in thousands):

Other Receivables	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	**Total**
Public assistance (1)	$ 1,167,360	$ -	$ -	$ -	$ 1,167,360
Accounts receivable	18,429	98,486	1,747	56,355	175,017
Interest	-	8,719	8,159	6,302	23,180
Loans (2)	5,149	123,480	-	267,199	395,828
Long-term contracts (3)	1,215	-	13,865	111,293	126,373
Miscellaneous	5,857	23,245	7,208	95,580	131,890
Subtotals	1,198,010	253,930	30,979	536,729	2,019,648
Less: Allowance for uncollectible receivables (1)	974,754	18,847	74	25,429	1,019,104
Total Other Receivables	$ 223,256	$ 235,083	$ 30,905	$ 511,300	$ 1,000,544

Note: (1) 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.

(2) Significant long-term portions of loans receivable include $102 million in the Higher Education Special Revenue Fund for student loans and $259 million in Nonmajor Governmental Funds for low income housing, public works, and economic development/revitalization loans.

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

Deferred Revenues

Deferred revenues at June 30, 2006, consisted of the following (expressed in thousands):

Deferred Revenues	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Property taxes	$ 857,611	$ -	$ -	$ 225	$ 857,836
Other taxes	296,723	-	-	75	296,798
Timber sales	-	-	13,584	98,420	112,004
Charges for services	17,611	148,866	181	33,350	200,008
Donable goods	165	-	-	-	165
Miscellaneous	54,651	7,040	-	458,547	520,238
Total Deferred Revenues	$ 1,226,761	$ 155,906	$ 13,765	$ 590,617	$ 1,987,049

B. Proprietary Funds

Taxes Receivable

Taxes receivable at June 30, 2006, consisted of $5 million in liquor taxes reported in Nonmajor Enterprise Funds.

Other Receivables

Other receivables at June 30, 2006, consisted of the following (expressed in thousands):

	Business-Type Activities Enterprise Funds					Governmental Activities
Other Receivables	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	Total	Internal Service Funds
Accounts receivable	$ 109,488	$ -	$ 183,440	$ 26,046	$ 318,974	$ 3,003
Interest	101,468	-	1,247	4,903	107,618	26
Loans	-	-	5	-	5	-
Miscellaneous	551,709	589,908	2,681	1,493	1,145,791	4,243
Subtotals	762,665	589,908	187,373	32,442	1,572,388	7,272
Less: Allowance for uncollectible receivables	97,223	114,665	68,280	95	280,263	262
Total Other Receivables	$ 665,442	$ 475,243	$ 119,093	$ 32,347	$ 1,292,125	$ 7,010

Unearned Revenues

Unearned revenues at June 30, 2006, consisted of the following (expressed in thousands):

	Business-Type Activities Enterprise Funds					Governmental Activities
Unearned Revenues	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	**Total**	Internal Service Funds
Charges for services	$ 5	$ -	$ 30,154	$ 328	$ 30,487	$ 2,783
Miscellaneous	12,883	-	341	4	13,228	2,863
Total Unearned Revenues	$ 12,888	$ -	$ 30,495	$ 332	$ 43,715	$ 5,646

C. Fiduciary Funds

Other Receivables

Other receivables at June 30, 2006, consisted of the following (expressed in thousands):

Other Receivables	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
Accounts receivable	$ -	$ -	$ 3,001	$ 12,047
Interest	-	13,046	166,015	32,246
Loans	-	-	-	13
Miscellaneous	4,970	-	218,426	212,458
Subtotals	4,970	13,046	387,442	256,764
Less: Allowance for uncollectible receivables	-	-	82	603
Total Other Receivables	$ 4,970	$ 13,046	$ 387,360	$ 256,161

Unearned Revenues

Unearned revenues at June 30, 2006, consisted of $.7 million for service credit restorations reported in Pension and Other Employee Benefit Plans Funds.

Note 5 - Interfund Balances and Transfers

A. Interfund Balances

The following balances at June 30, 2006, represent due from and due to balances among all funds and state agencies (expressed in thousands):

	Due From						
Due To	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
General	$ 76,060	$ 8,873	$ -	$ 120,121	$ 431	$ -	$ 12
Higher Educ. Special Revenue	25,843	18,321	60	8,337	205	-	32,846
Higher Education Endowment	-	-	-	467	-	-	-
Nonmajor Governmental Funds	121,663	707	3,367	130,119	69	1,161	33
Workers' Compensation	40	-	-	16	22,724	-	4
Unemployment Compensation	901	919	-	413	31	-	-
Higher Educ. Student Services	246	19,209	-	6,300	108	-	5,988
Nonmajor Enterprise Funds	7,045	148	-	2,026	4	-	-
Internal Service Funds	20,399	667	-	20,835	3,290	-	11
Fiduciary Funds	15,501	4,516	-	18,426	281	-	3
Totals	$ 267,698	$ 53,360	$ 3,427	$ 307,060	$ 27,143	$ 1,161	$ 38,897

Except as noted, all 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. A long-term receivable is recorded in the General Fund for the long-term portion of escheat resources due from Other Private-Purpose Trust Funds.

Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	**Totals**
$ 10,318	$ 971	$ 76,203	$ 292,989
6,212	16,874	23,804	132,502
-	-	2	469
5,610	2,561	15,512	280,802
101	42	46	22,973
12	46	208	2,530
1	61	2,693	34,606
28,861	100	739	38,923
9,442	14,728	118	69,490
320	30	32,494	71,571
$ 60,877	$ 35,413	$ 151,819	$ 946,855

B. Interfund Transfers

Interfund transfers as reported in the financial statements reflect transfers between agencies and accounts reported within the same fund.

Net transfers between funds for the year ended June 30, 2006, consisted of the following (expressed in thousands):

	Transferred To						
Transferred From	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Workers' Compensation	Higher Education Student Services	Nonmajor Enterprise Funds
General	$ 3,361	$ 156,274	$ -	$ 1,657,254	$ -	$ -	$ -
Higher Educ. Special Revenue	-	84,010	117	164,101	-	18,777	-
Higher Education Endowment	-	82,327	-	28,678	-	7	-
Nonmajor Governmental Funds	136,604	18,616	1,164	706,057	-	203	328
Workers' Compensation	-	-	-	1,323	288,987	-	-
Higher Educ. Student Services	-	21,352	-	1,188	-	123,833	-
Nonmajor Enterprise Funds	106,929	-	-	140,411	-	-	52,357
Internal Service Funds	1,000	1,054	-	25	-	14	-
Totals	$ 247,894	$ 363,633	$ 1,281	$ 2,699,037	$ 288,987	$ 142,834	$ 52,685

Additionally, there were transfers of $5.5 million within the state's Pension trust funds. The transfers from Pension trust funds were into other Pension trust funds.

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 Liquor Revolving Account and the State Lottery Account as required by law, and 5) transfer amounts to and from the General Fund as required by law.

In Fiscal Year 2006, the state transferred $825 million from the General Fund to non-major governmental funds in order to provide for the fiscal stability of health services, education, and pension funding obligations in future years.

Internal Service Funds	**Totals**
$ 8,367	$ 1,825,256
1,123	268,128
-	111,012
173	863,145
-	290,310
63	146,436
-	299,697
23,634	25,727
$ 33,360	$ 3,829,711

Note 6 - Capital Assets

A. Governmental Capital Assets

The following is a summary of governmental capital asset activity for the year ended June 30, 2006 (expressed in thousands):

Capital Assets	Balances July 1, 2005	Additions	Deletions	Balances June 30, 2006
Capital assets, not being depreciated:				
Land	$ 1,207,326	39,916	(8,901)	$ 1,238,341
Transportation Infrastructure	13,338,709	958,283	(84,248)	14,212,744
Construction in Progress*	1,245,530	467,448	(649,206)	1,063,772
Art Collections, Library Reserves, and Museum and Historical Collections	100,337	7,896	-	108,233
Total capital assets, not being depreciated	15,891,902			16,623,090
Capital assets, being depreciated:				
Buildings	7,098,597	752,561	(25,988)	7,825,170
Accumulated depreciation	(2,361,459)	(226,673)	9,761	(2,578,371)
Net buildings	4,737,138			5,246,799
Furnishings, equipment, and collections	3,292,370	313,301	(180,732)	3,424,939
Accumulated depreciation	(1,939,493)	(212,920)	89,720	(2,062,693)
Net furnishings, equipment and collections	1,352,877			1,362,246
Other improvements	893,048	50,722	(5,448)	938,322
Accumulated depreciation	(314,676)	(43,597)	4,943	(353,330)
Net other improvements	578,372			584,992
Infrastructure (other)*	509,453	28,919	(391)	537,981
Accumulated depreciation*	(167,024)	(14,088)	-	(181,112)
Net infrastructure (other)	342,429			356,869
Total capital assets, being depreciated, net	7,010,816			7,550,906
Governmental activities capital assets, net	$ 22,902,718			$ 24,173,996

*Beginning balances have been restated to reflect prior period error corrections.

The Department of Transportation incurred an impairment loss of $84 million related to construction stoppage on the Port Angeles graving dock project. This impairment is reported on the government-wide Statement of Activities as an extraordinary item.

B. Business-type Capital Assets

The following is a summary of business-type capital asset activity for the year ended June 30, 2006, (expressed in thousands):

Capital Assets	Balances July 1, 2005	Additions	Deletions	Balances June 30, 2006
Capital assets, not being depreciated:				
Land	$ 86,893	5,288	-	$ 92,181
Construction in Progress	84,321	92,581	(38,574)	138,328
Art Collections	35	-	-	35
Total capital assets, not being depreciated	171,249			230,544
Capital assets, being depreciated:				
Buildings	1,638,714	63,175	(5,657)	1,696,232
Accumulated depreciation	(472,702)	(42,962)	2,859	(512,805)
Net buildings	1,166,012			1,183,427
Furnishings, equipment, and collections	364,672	43,180	(11,023)	396,829
Accumulated depreciation	(230,015)	(61,309)	9,696	(281,628)
Net furnishings, equipment, and collections	134,657			115,201
Other Improvements	45,113	10,618	(2,005)	53,726
Accumulated depreciation	(14,219)	(3,424)	525	(17,118)
Net other improvements	30,894			36,608
Infrastructure (other)	32,957	248	(7)	33,198
Accumulated depreciation	(10,635)	(1,152)	-	(11,787)
Net infrastructure (other)	22,322			21,411
Total capital assets, being depreciated, net	1,353,885			1,356,647
Business-type activities capital assets, net	$ 1,525,134			$ 1,587,191

C. Depreciation

Depreciation expense for the year ended June 30, 2006, was charged to functions of the primary government as follows (expressed in thousands):

	Amount
Governmental Activities:	
General Government	$ 46,198
Education - Elementary and Secondary (K-12)	2,149
Education - Higher Education	272,342
Human Services	29,094
Adult Corrections	28,910
Natural Resources and Recreation	46,561
Transportation	72,024
Total Depreciation Expense - Governmental Activities	$ 497,278 *
Business-Type Activities:	
Workers' Compensation	$ 25,551
Unemployment Compensation	-
Higher Education Student Services	67,096
Health Insurance Programs	161
Other	16,039
Total Depreciation Expense - Business-Type Activities	$ 108,847

*Includes $60 million internal service fund depreciation that was allocated to functions as a part of the net internal service fund activity.

D. Construction in Progress

Major construction commitments of the state at June 30, 2006, are as follows (expressed in thousands):

D. Construction in Progress

Agency/Project Commitments	Construction In Progress June 30, 2006	Remaining Project Commitments
Department of General Administration:		
Legislative and other buildings rehab., repairs & expansion, and other projects	$ 263,474	$ 22,796
Liquor Control Board:		
Distribution Center expansion project	2,937	14,063
Department of Labor and Industries:		
Workers' compensation customer and agency information systems	4,955	10,540
Military Department:		
Spokane Readiness Center and other projects	12,429	153
Department of Social and Health Services:		
State hospital & juvenile rehab construction & renovations, and other projects	115,745	31,898
Department of Corrections:		
Correctional centers construction, improvements, and other projects	99,639	597,680
Department of Transportation:		
State highway office and maintenance facilities, and ferry vessels and terminals	215,464	131,185
Transportation infrastructure	-	1,392,090
Parks and Recreation Commission:		
State park facilities projects	4,556	1,518
Department of Fish and Wildlife:		
Hatchery renovations, Spokane office building, and other projects	8,317	19,810
Higher Education Facilities:		
University of Washington	100,166	285,948
Washington State University	65,632	430,016
Eastern Washington University	3,284	2,261
Central Washington University	82,829	9,135
The Evergreen State College	20,417	2,090
Western Washington University	33,133	12,839
Community and Technical Colleges	157,632	238,154
Other Agencies Miscellaneous Projects	11,491	6,256
Total Construction in Progress	$ 1,202,100	$ 3,208,432

Note 7 – Long-Term Liabilities

A. Bonds Payable

Bonds payable at June 30, 2006, 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 State Legislature or by a body designated by statute (presently the State Finance Committee). Legislative authorization arises from an affirmative vote of 60 percent of both legislative houses without voter consent, or from an affirmative vote of more than 50 percent of both legislative houses and a majority of the voters voting thereon. The State Finance Committee debt authorization does not require voter approval; however, it is limited to providing for: (1) temporary deficiencies in the state treasury (must be discharged within 12 months of the date of incurrence); (2) appropriations already made by the legislature; or (3) refunding of outstanding obligations of the state.

Legal Debt Limitation
The State Constitution and current statutes generally limit debt authorized in the preceding procedures. The limitations prohibit the issuance of new debt if it would cause the maximum annual debt service, on all thereafter-outstanding general obligation debt, to exceed a specified percentage of the arithmetic mean of general state revenues for the preceding three fiscal years. These limitations are on the incurrence of new debt, not on the amount of debt service that may be paid by the state in future years.

As certified by the State Treasurer, the maximum debt authorization subject to limitation for Fiscal Year 2006 was $8.8 billion, under the constitutional limitation. This computation excludes specific bond issues and types, which are not secured by general state revenues. Based on the debt limitation calculation, the debt service requirements as of June 30, 2006, did not exceed the authorized debt service limitation.

Authorized but unissued
The state had a total of $10.4 billion in bonds authorized but unissued as of June 30, 2006, for the purpose of public building and schools construction and renovation, higher education purposes, and highways construction and improvement.

Interest rates
Interest rates on fixed rate general obligation bonds ranged from 2.4 to 7.75 percent. Variable rate demand obligations (VRDO) of $222.3 million as of June 30, 2006, are remarketed on a weekly basis. Interest rates on revenue bonds range from 2.0 to 7.4 percent.

DEBT SERVICE REQUIREMENTS TO MATURITY
General obligation bonds have been authorized and issued primarily to provide funds for:

- Acquisition and construction of capital facilities for public and common schools, higher education, public and mental health, corrections, natural resource conservation;
- Construction and improvements of highways, roads, bridges, ferries, and other transit improvements;
- Assistance to municipalities for construction of water and sewage treatment facilities and corrections facilities; and
- Refunding of general obligation bonds outstanding.

Outstanding general obligations bonds are presented in the Washington State Treasurer's Annual Report for 2006. 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.

Total debt service requirements to maturity for general obligation bonds, as of June 30, 2006, are as follows (expressed in thousands):

	Governmental Activities		Business-Type Activities		Totals	
General Obligation Bonds	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2007	$ 482,088	$ 499,065	$ 19,150	$ 4,436	$ 501,238	$ 503,501
2008	498,486	477,869	20,655	3,333	519,141	481,202
2009	506,415	455,551	11,335	4,877	517,750	460,428
2010	491,856	435,865	8,987	4,455	500,843	440,320
2011	473,333	415,214	8,281	4,106	481,614	419,320
2012-2016	2,545,328	1,776,778	32,638	18,931	2,577,966	1,795,709
2017-2021	2,535,586	1,340,687	19,398	45,656	2,554,984	1,386,343
2022-2026	1,959,159	702,982	-	-	1,959,159	702,982
2027-2031	971,392	318,271	-	-	971,392	318,271
2032-2036	-	-	-	-	-	-
Total Debt Service Requirements	$ 10,463,643	$ 6,422,282	$ 120,444	$ 85,794	$ 10,584,087	$ 6,508,076

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. These bonds pledge income derived from acquired or constructed assets for retirement of the debt and payment of the related interest.

The state's colleges and universities issue revenue bonds for the purpose of housing, dining, parking, and student facilities construction. These bonds are reported within governmental and business-type activities as applicable.

Additionally, governmental activities include revenue bonds outstanding at June 30, 2006 of $497.5 million issued by the Tobacco Settlement Authority (TSA), which is a blended component unit of the state. 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, and undistributed TSA bond proceeds. 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.

Total debt service requirements for revenue bonds to maturity as of June 30, 2006, are as follows (expressed in thousands):

	Governmental Activities		Business-Type Activities		Totals	
Revenue Bonds	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2007	$ -	$ 34,268	$ 16,466	$ 38,572	$ 16,466	$ 72,840
2008	13,270	34,223	17,430	38,549	30,700	72,772
2009	12,750	33,582	19,780	37,767	32,530	71,349
2010	12,400	32,955	21,996	36,823	34,396	69,778
2011	16,175	32,343	23,393	35,785	39,568	68,128
2012-2016	93,010	147,587	132,230	160,953	225,240	308,540
2017-2021	101,700	116,944	177,094	127,091	278,794	244,035
2022-2026	113,340	82,885	143,325	88,562	256,665	171,447
2027-2031	174,355	41,377	130,872	50,031	305,227	91,408
2032-2036	21,230	1,714	110,962	19,572	132,192	21,286
Total Debt Service Requirements	$ 558,230	$ 557,878	$ 793,548	$ 633,705	$ 1,351,778	$ 1,191,583

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 has been removed from the government-wide statement of net assets.

CURRENT YEAR DEFEASANCES
Governmental Activities:
On July 26, 2005, the state issued $461.2 million of Various Purpose General Obligation Refunding Bonds (series R-2006A) with an average interest rate of 4.99 percent to refund $478.8 million of Various Purpose General Obligation Bonds from several series with an average interest rate of 5.28 percent. The refunding resulted in a $53.2 million gross debt service savings over the next 20 years and a net present value savings of $35.8 million.

On August 17, 2005, the state issued $3.8 million Refunding Certificates of Participation (series 2005D) with an average interest rate of 3.5 percent to refund $3.7 million Certificates of Participation (series 1996A) with an average interest rate of 6.02 percent. The refunding resulted in a $400.8 thousand gross debt service savings over the next 11 years and a net present value savings of $277.8 thousand.

On January 18, 2006, the state issued $6.4 million Refunding Certificates of Participation (series 2006A) with an average interest rate of 5.05 percent to refund $6.2 million Certificates of Participation (series 1996) with an average interest rate of 7.73 percent. The refunding resulted in a $1.1 million gross debt service savings over the next 12 years and a net present value savings of $726 thousand.

On March 21, 2006, the state issued $2.6 million Refunding Certificates of Participation (series 2006C) with an average interest rate of 3.94 percent to refund $2.6 million Certificates of Participation (series 1995) with an average interest rate of 6.01 percent. The refunding resulted in a $239 thousand gross debt service savings over the next 9 years and a net present value savings of $224.5 thousand.

Business-Type Activities:
On March 14, 2006, The Evergreen State College issued $7.6 million in Housing System Revenue and Refunding Bonds, $1.4 million of which was used to refund $1.4 million of Housing Series 1994 Revenue Bonds. The new bonds have an average coupon rate of 3.8 percent, the old refunded bonds had an average interest rate of 6.1 percent. The refunding extended the final maturity and resulted in a gross loss of $185 thousand, and a net present value savings of $40 thousand.

PRIOR YEAR DEFEASANCES
In prior years, the state defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the prior bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the state's financial statements.

General Obligation Bond Debt:
On June 30, 2006, $536.6 million of general obligation bonded debt outstanding is considered defeased.

Revenue Bond Debt:
On June 30, 2006, $87.4 million of revenue bonded debt outstanding is considered defeased.

B. Certificates of Participation

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, 2006, are as follows (expressed in thousands):

	Governmental Activities		Business-Type Activities		Totals	
Certificates of Participation	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2007	$ 35,864	$ 19,669	$ 37,330	$ 14,780	$ 73,194	$ 34,449
2008	28,360	12,658	16,745	9,748	45,105	22,406
2009	30,129	11,595	19,740	9,070	49,869	20,665
2010	27,198	10,404	18,326	8,243	45,524	18,647
2011	26,092	9,263	18,427	7,432	44,519	16,695
2012-2016	139,721	28,701	88,291	23,683	228,012	52,384
2017-2021	35,830	6,186	31,447	5,435	67,277	11,621
2022-2026	10,086	921	8,864	810	18,950	1,731
2027-2031	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-
Total Debt Service Requirements	$ 333,280	$ 99,397	$ 239,170	$ 79,201	$ 572,450	$ 178,598

C. Claims and Judgments

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

Workers' Compensation

Changes in the balances of workers' compensation claims liabilities during Fiscal Years 2005 and 2006 were as follows (expressed in thousands):

Workers' Compensation Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Balances End of Fiscal Year
FY 2005	$ 16,591,098	2,289,923	(1,602,126)	$ 17,278,895
FY 2006	$ 17,278,895	2,131,407	(1,655,201)	$ 17,755,101

At June 30, 2006, $31.0 billion of unpaid claims and claim adjustment expenses are presented at their net present and settlement value of $17.8 billion. These claims are discounted at assumed interest rates of 2.5 percent (time loss and medical) to 6.5 percent (pensions) to arrive at a settlement value that is net of third party recoveries.

The claims and claim adjustment liabilities of $17.8 billion, as of June 30, 2006, include $9.0 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 $8.8 billion are fully funded by long-term investments, net of obligations under securities lending agreements.

Risk Management

Changes in the balances of risk management claims liabilities during Fiscal Years 2005 and 2006 were as follows (expressed in thousands):

Risk Management Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Tort Defense Payments	Balances End of Fiscal Year
FY 2005	$ 513,331	34,857	(23,130)	(16,945)	$ 508,113
FY 2006	$ 508,113	72,512	(36,750)	(16,677)	$ 527,198

Risk Management reports claims and judgment liabilities 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. It also includes an actuarial estimate of loss adjustment expenses for tort defense. Because actual claims 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. Claims 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 property and casualty matters. As of June 30, 2006, outstanding and actuarially determined claims against the state and its public authorities including actuarially projected defense costs were $527.2 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 claims. At June 30, 2006, the Risk Management Fund held $115.7 million in cash and pooled investments designated for payment of these claims under the state's Self Insurance Liability Program.

Health Insurance

Changes in the balances of Health Insurance claim liabilities during Fiscal Years 2005 and 2006 were as follows (expressed in thousands):

Health Insurance Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Balances End of Fiscal Year
FY 2005	$ 66,879	524,106	(512,556)	$ 78,429
FY 2006	$ 78,429	599,782	(606,765)	$ 71,446

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, 2006, health insurance claims liabilities totaling $71.4 million are fully funded with cash and investments, net of obligations under securities lending agreements.

D. Leases

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 state 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. .

Leased land, buildings and equipment under capital leases as of June 30, 2006, include the following (expressed in thousands):

	Governmental Activities	Business-Type Activities
Land (non-depreciable)	$ 4,356	$ -
Buildings	68,616	1,759
Equipment	27,737	24,969
Less: Accumulated Depreciation	(28,635)	(14,068)
Totals	$ 72,074	$ 12,660

The following schedule presents future minimum payments for capital and operating leases as of June 30, 2006, (expressed in thousands):

	Capital Leases		Operating Leases	
Capital and Operating Leases	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
By Fiscal Year:				
2007	$ 8,100	$ 5,546	$ 91,824	$ 24,727
2008	7,208	5,175	81,289	23,223
2009	7,007	5,049	74,715	22,428
2010	6,389	2,834	66,242	22,363
2011	7,955	1,160	54,595	22,558
2012-2016	21,252	1,925	180,287	23,626
2017-2021	24,206	1,925	93,966	20,566
2022-2026	27,324	433	72,722	21,594
2027-2031	11,280	-	69,021	22,674
2032-2036	-	-	69,232	23,808
Total Future Minimum Payments	120,721	24,047	853,893	227,567
Less: Executory costs and interest costs	46,334	3,329	-	-
Net Present Value of future minimum lease payments	$ 74,387	$ 20,718	$ 853,893	$ 227,567

The total operating lease rental expense for Fiscal Year 2006 was $124.9 million.

Tumwater Office Building Capital Lease

The 2001 Legislature authorized the state to lease-develop an office building in Tumwater, Washington. In 2003, the state entered into a ground lease and a lease agreement with Tumwater Office Properties (TOP), a Washington nonprofit corporation. The agreements called for TOP to design and construct an office building and finance it with tax-exempt obligations that met the requirements of Revenue Ruling 63-20 and Revenue Procedure 82-26 issued by the Internal Revenue Service. The state is required to make monthly payments to TOP to service the bonds. Additional amounts may also be due per the terms of the lease agreement. The lease agreements provide the state with options to purchase the building during the term of the lease. Ownership of the building transfers to the state at the end of the lease.

Upon completion of the construction of the office building in Fiscal Year 2006, the state occupied it and recorded a capital lease in the amount of $56,805,000. Lease payments of $302,327 were made during the year.

E. Long-Term Liability Activity

Long-term liability activity for the Fiscal Year 2006 (expressed in thousands) was as follows:

Governmental Activities:	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts Due Within One Year
Long-term Debt:					
GO Bonds Payable -					
General obligation (GO) bonds	$ 9,096,680	1,503,260	924,555	$ 9,675,385	$ 467,070
GO - zero coupon bonds (principal)	744,991	55,002	11,735	788,258	15,018
Subtotal - GO Bonds payable	9,841,671	1,558,262	936,290	10,463,643	482,088
Accreted Interest - GO - zero coupon bonds	201,058	33,238	-	234,296	-
Revenue Bonds Payable	563,575	-	5,345	558,230	-
Less: Deferred amounts for issuance discounts	(11,997)	-	(690)	(11,307)	-
Less: Unamortized bond issuance costs	(2,021)	-	(116)	(1,905)	-
Total Bonds Payable	10,592,286	1,591,500	940,829	11,242,957	482,088
Other Liabilities -					
Certificates of participation	314,518	60,532	41,770	333,280	35,864
Claims and judgments	600,586	58,658	31,091	628,153	110,490
Installment contracts	111	4,057	111	4,057	-
Leases	23,509	57,422	6,544	74,387	4,668
Compensated absences	438,248	291,728	264,206	465,770	50,492
Unfunded pension obligations	67,225	16,756	6,700	77,281	-
Other	106,391	262,362	155,046	213,707	165,967
Total Other Liabilities	1,550,588	751,515	505,468	1,796,635	367,481
Total	$ 12,142,874	2,343,015	1,446,297	$ 13,039,592	$ 849,569

For Governmental Activities, payments on the certificates of participation are being repaid directly from various governmental funds. The compensated absences liability will be liquidated approximately 53 percent by the General Fund, 24 percent by the Higher Education Special Revenue Funds, and the balance by various other governmental funds. The claims and judgments liability will be liquidated primarily through the risk management fund, an internal service fund. Leases, installment contract obligations, and other liabilities will be repaid from various other governmental funds.

Business-Type Activities	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts Due Within One Year
Long-term Debt:					
GO Bonds Payable					
General obligation (GO) bonds	$ 109,140	-	17,955	$ 91,185	$ 19,150
GO - zero coupon bonds (principal)	29,259	-	-	29,259	-
Subtotal - GO Bonds payable	138,399	-	17,955	120,444	19,150
Accreted Interest - GO - zero coupon bonds	23,836	3,287	-	27,123	-
Revenue Bonds Payable	585,233	223,857	15,542	793,548	16,466
Less: Deferred amounts on refunding	(9,408)	(115)	(598)	(8,925)	-
Plus: Unamortized amounts issuance premiums	3,715	1,339	23	5,031	-
Less: Deferred amounts for issuance discounts	(1,847)	(40)	(113)	(1,774)	-
Less: Unamortized bond issuance costs	(2,050)	(1,121)	(125)	(3,046)	-
Total Bonds Payable	737,878	227,207	32,684	932,401	35,616
Other liabilities -					
Certificates of participation	250,647	6,388	17,865	239,170	37,330
Less: Deferred amounts for issuance discounts	(1,757)	153	-	(1,604)	-
Claims and judgments	17,361,266	2,734,191	2,264,219	17,831,238	1,732,508
Lottery prize annuities payable	460,760	96,604	135,517	421,847	65,402
Tuition benefits payable	601,289	191,103	24,092	768,300	-
Leases	20,688	4,943	4,913	20,718	4,740
Compensated absences	45,315	24,573	21,934	47,954	19,432
Other	19,433	107,693	102,523	24,602	20,992
Total Other Liabilities	18,757,641	3,165,648	2,571,063	19,352,225	1,880,404
Total	$ 19,495,519	3,392,855	2,603,747	$ 20,284,626	$ 1,916,020

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

Financing Authorities	Principal Balance
Washington State Housing Finance Commission	$ 2,709,098
Washington Higher Education Facilities Authority	444,408
Washington Health Care Facilities Authority	3,221,000
Washington Economic Development Finance Authority	519,537
Total No Commitment Debt	$ 6,894,043

Note 9 – Fund Balances Reserved for Other Specific Purposes

The nature and purposes of fund balances reserved for other specific purposes as of June 30, 2006, are listed below (expressed in thousands):

Fund Balances	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Totals
Reserved for Other Specific Purposes:					
Long-term student loans	$ -	$ 94,757	$ -	$ -	$ 94,757
Investments with trustees	629	-	-	475	1,104
Long-term receivables	83,764	433	-	1,459,127	1,543,324
Long-term investments	-	153,312	-	47,866	201,178
Petty cash	656	5,225	-	835	6,716
Total Reserved for Other Specific Purposes	$ 85,049	$ 253,727	$ -	$ 1,508,303	$ 1,847,079

Note 10 - Deficit Net Assets

At June 30, 2006, there were two proprietary funds with deficit net assets.

The Workers' Compensation Fund, an enterprise fund, had deficit net assets of $7.1 billion at June 30, 2006. The fund is used to account for the workers' compensation program, which provides time-loss, medical, disability, and pension payments to qualifying individuals sustaining work-related injuries. 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 cost-of-living adjustments (COLA) 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.

The following schedule details the changes in total net assets for the Workers' Compensation Fund during the fiscal year ended June 30, 2006 (expressed in thousands):

Workers' Compensation Fund	Net Assets (Deficit)
Balance, July 1, 2005	$ (6,558,080)
Fiscal Year 2006 activity	(502,689)
Balance, June 30, 2006	$ (7,060,769)

The Risk Management Fund, an internal service fund, had deficit net assets of $414.0 million at June 30, 2006. The Risk Management Fund is used to account for the claims, torts, and judgments generally arising from automobile and general government operations, and loss adjustment expenses for tort defense. These costs are supported by premium assessments to state agencies that are designed to cover current and future claim losses. Outstanding and incurred but not reported claims are actuarially determined and accrued, resulting in the deficit net assets.

The Self Insurance Liability Program, initiated in 1990, is intended to provide funds for the payment of all claims and loss adjustment expenses for tort defense.

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 claims.

The following schedule details the changes in net assets for the Risk Management Fund during the fiscal year ended June 30, 2006 (expressed in thousands):

Risk Management Fund	Net Assets (Deficit)
Balance, July 1, 2005	$ (430,805)
Fiscal Year 2006 activity	16,848
Balance, June 30, 2006	$ (413,957)

Note 11 - Retirement Plans

A. General

The state of Washington, through the Department of Retirement Systems, the Board for Volunteer Fire Fighters, and the Administrative Office of the Courts, administers 12 defined benefit retirement plans, three combination defined benefit/defined contribution retirement plans, and one defined contribution retirement plan covering eligible employees of the state and local governments.

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.

Investments

Pension plan investments are presented 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. Certain pension trust fund investments, including real estate and private equity, are valued based on appraisals or independent advisors. The pension funds have no investments of any commercial or industrial organization whose market value exceeds 5 percent of each plan's net assets. Additional disclosure describing investments is provided in Note 3.

DEPARTMENT OF RETIREMENT SYSTEMS

As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers seven retirement systems comprising 11 defined benefit pension plans and three combination 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

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, and LEOFF systems and plans was funded by an employer rate of .19 percent of employee salaries. Administration of the WSPRS, JRS, and Judges plans is funded by means of legislative appropriations.

The Department of Retirement Systems prepares a stand-alone financial report. Copies of the report that include financial statements and required supplementary information may be obtained by writing to Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380.

BOARD FOR VOLUNTEER FIRE FIGHTERS

As established in chapter 41.24 RCW, the Washington Board for Volunteer Fire Fighters' 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

In addition to the retirement plans administered by the state of Washington, eligible higher education state employees may participate in a Higher Education Retirement Plan, privately administered defined contribution plans.

Plan descriptions, funding policies, and a table of employer contributions required and paid for defined benefit plans follow at Notes 11.B through D respectively. For information related to defined contribution plans, refer to Note 11.I. Details on plan net assets and changes in plan net assets of pension plans administered by the state are presented at Note 11.J.

Membership of each state administered plan consisted of the following at September 30, 2005, the date of the latest actuarial valuation for all plans except for VFFRPF which had an actuarial valuation performed on December 31, 2005.

Number of Participating Members

Plans Administered by the State	Retirees and Beneficiaries Receiving Benefits	Terminated Members Entitled to but not yet Receiving Benefits	Active Plan Members Vested	Active Plan Members Nonvested	Total Members
PERS 1	54,795	2,833	14,904	1,058	73,590
PERS 2	13,471	17,941	80,769	37,631	149,812
PERS 3	343	1,793	8,901	12,315	23,352
TRS 1	35,264	1,328	8,397	195	45,184
TRS 2	1,351	2,536	6,659	546	11,092
TRS 3	706	3,158	21,132	30,341	55,337
SERS 2	1,426	3,073	16,828	2,559	23,886
SERS 3	705	2,491	10,672	20,291	34,159
LEOFF 1	8,149	7	723	-	8,879
LEOFF 2	574	570	11,625	3,543	16,312
WSPRS 1	792	102	883	58	1,835
WSPRS 2	-	-	1	80	81
JRS	131	2	13	-	146
Judges	16	-	-	-	16
JRA	-	17	200	-	217
VFFRPF	3,208	4,891	4,817	7,109	20,025
Total	120,931	40,742	186,524	115,726	463,923

Following is a summary of the number of government employers participating in state administered retirement plans as of June 30, 2006.

Number of Participating Employers

Plan	State Agencies	School Districts	Counties/ Municipalities	Other Political Subdivisions
PERS 1	155	251	201	221
PERS 2	180	-	270	452
PERS 3	159	-	185	243
TRS 1	71	288	-	-
TRS 2	21	275	-	-
TRS 3	31	302	-	-
SERS 2	-	299	-	-
SERS 3	-	301	-	-
LEOFF 1	-	-	85	17
LEOFF 2	8	-	218	150
WSPRS 1	1	-	-	-
WSPRS 2	1	-	-	-
JRS	3	-	-	-
Judges	-	-	-	-
JRA	3	-	-	-
VFFRPF	-	-	-	650

Employers can participate in multiple systems and/or plans.

B. Plan Descriptions

Public Employees' Retirement System (PERS)

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. PERS participants who joined the system by September 30, 1977, are Plan 1 members. 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 exercise an option to transfer their membership to 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. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3.

PERS is comprised of three separate plans for reporting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. 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 to be a single plan for reporting purposes.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2006, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in PERS Plan 1 and 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment. PERS Plan 3 defined contribution benefits are financed from employee contributions and investment earnings. Employees in PERS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from PERS-covered employment.

The Legislature established PERS in 1947. 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. The Higher Education Retirement Plans are not administered by DRS. Approximately 50 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in state statute and may be amended only by the state Legislature.

PERS Plan 1 retirement benefits are vested after an employee completes 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. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Benefits are also actuarially reduced when a Plan 1 member chooses a survivor option. The annual benefit is 2 percent of the average final compensation (AFC) per year of service (AFC is based on the greatest compensation during any 24 eligible consecutive compensation months), capped at 60 percent.

PERS Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, PERS Plan 3 members may be vested either after 10 years of service or after five years of service, as long as 12 consecutive months of service were accrued after attainment of age 44. Plan 3 members

are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. Refer to section I of this note for a description of the defined contribution component of PERS Plan 3.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is $350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any worker's compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of membership service is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service 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 and is actuarially reduced to reflect the choice of a survivor option

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the AFC for each year of service. For Plan 3 the allowance amount is 1 percent of the AFC for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option.

In addition, a $150,000 death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, if found eligible by the Department of Labor and Industries.

Legislation passed in recent sessions effective in Fiscal Year 2006:

Effective July 24, 2005, PERS Plan 2 and Plan 3 members can purchase service credit for military service that interrupted employment, if they are disabled while on active duty and cannot return to employment, or are killed on active duty (Chapter 64, Laws of 2005).

Effective July 24, 2005, PERS members can purchase up to 24 months (previously 12 months) of service credit lost because of an on-the-job injury (Chapter 363, Laws of 2005).

Effective June 7, 2006, PERS Plan 3 members may be vested either after 10 years of service or after five years of service, as long as 12 consecutive months of service were accrued after attainment of age 44 (Chapter 33, Laws of 2006).

There were no other material changes in PERS benefit provisions for the Fiscal Year ended June 30, 2006.

Legislation passed in recent sessions effective in years subsequent to Fiscal Year 2006:

The Public Safety Employees' Retirement System (PSERS) Plan 2 was created in Chapter 242, Laws of 2004. It first opens to membership on July 1, 2006. PSERS is a cost-sharing multiple-employer retirement system. Membership requirements are defined in RCW 41.37. Qualified members of PERS 2/3 may join PSERS prospectively if they make the election to join between July 1 and September 30, 2006. If they do so, they will become inactive in PERS and their past service credit will remain in PERS. All qualifying employees who are first employed after July 1, 2006, will automatically become members of PSERS.

PERS pension benefit provisions are established by chapter 41.40 and 41.34 RCW.

Teachers' Retirement System (TRS)

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 combination defined benefit/defined contribution plan. TRS participants who joined the system by September 30, 1977, are Plan 1 members. 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 participants joining the system on or after July 1, 1996, and those who exercised their transfer option, are members of TRS Plan 3.

TRS is comprised of three separate plans for reporting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. 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 to be a single plan for reporting purposes.

TRS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the TRS Plan 1 and 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2006, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in TRS Plan 1 and 2 can elect to withdraw total employee contributions and interest thereon upon separation from TRS-covered employment. TRS Plan 3 defined contribution benefits are financed from employee contributions and investment earnings. Employees in TRS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from TRS-covered employment.

TRS was legislatively established in 1938. Eligibility for membership requires service as a certificated public school employee in an instructional, administrative or supervisory capacity. TRS is comprised principally of non-state employees. TRS retirement benefit provisions are established in state statute and may be amended only by the state Legislature.

TRS Plan 1 retirement benefits are vested after an employee completes 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 annual pension is 2 percent of the average final compensation (AFC) per year of service (AFC is based on the greatest compensation during the highest of any consecutive two compensation contract years), capped at 60 percent.

TRS Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, TRS Plan 3 members may be vested either after 10 years of service or after five years of service, as long as 12 consecutive months of service were accrued after attainment of age 44. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. Refer to section I of this note for a description of the defined contribution component of TRS Plan 3.

TRS Plan 1 provides death and temporary disability benefits. TRS Plan 1 members receive the following additional lump sum death benefits: retired members- $400 (if retired with ten years of full-time membership), $400 (if inactive with ten years of membership), active members $600 (if employed full-time at time of death). Members on temporary disability receive a monthly payment of $180 payable for up to two years, for the same occurrence. After five years of service, members on a disability retirement receive an allowance based on their salary and service to date of disability. Members enrolled in TRS prior to April 25, 1973, may elect a benefit based on the formula in effect at that time.

TRS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the AFC for each year of service. For Plan 3, the allowance amount is 1 percent of the AFC for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option.

In addition, a $150,000 death benefit is provided to the estate (or duly designated nominee) of a TRS member who dies in the line of service as a result of injuries sustained in the course of employment, if found eligible by the Department of Labor and Industries.

Legislation passed in recent sessions effective in Fiscal Year 2006:

Effective July 24, 2005, TRS Plan 1 members who are employed less than full time as psychologists, social workers, nurses, physical therapists, occupational therapists, speech language pathologists or audiologists can annualize their salaries when calculating their average final compensation (Chapter 23, Laws of 2005).

Effective July 24, 2005, TRS Plan 2 and Plan 3 members can purchase service credit for military service that interrupted employment, if they are disabled while on active duty and cannot return to employment, or are killed on active duty (Chapter 64, Laws of 2005).

Effective June 7, 2006, TRS Plan 3 members may be vested either after 10 years of service or after five years of service, as long as 12 consecutive months of service were accrued after attainment of age 44 (Chapter 33, Laws of 2006).

There were no other material changes in TRS benefit provisions for the Fiscal Year ended June 30, 2006.

TRS pension benefit provisions are established by chapters 41.32 and 41.34 RCW.

School Employees' Retirement System (SERS)

SERS is a cost-sharing multiple-employer retirement system comprised of two separate plans for membership purposes: Plan 2 is a defined benefit plan and Plan 3 is a combination defined benefit/defined contribution plan. As of September 1, 2000, the membership of classified school employees in PERS Plan 2 was transferred to SERS Plan 2. Those who joined on or after October 1, 1977, and by August 31, 2000, are SERS Plan 2 members unless they exercised an option to transfer their membership to Plan 3. SERS participants joining the system on or after September 1, 2000, and those who exercised their transfer option, are members of SERS Plan 3.

SERS is comprised of two separate plans for reporting purposes: Plan 2/3 and Plan 3. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. 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 to be a single plan for reporting purposes.

SERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the SERS Plan 2 defined benefit plan accrue interest at a rate specified by DRS. During Fiscal Year 2006, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in SERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from SERS-covered employment. SERS Plan 3 defined contribution benefits are financed from employee contributions and investment earnings. Employees in SERS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from SERS-covered employment.

The Legislature established SERS in 2000. Membership in the system includes all classified employees of school districts or educational service districts. SERS is comprised principally of non-state employees. SERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

SERS Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation (AFC) per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

SERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, allows SERS Plan 3 members to be vested either after 10 years of service or after five years of service, as long as 12 consecutive months of service were accrued after attainment of age 44. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. Refer to section I of this note for a description of the defined contribution component of SERS Plan 3.

SERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the AFC for each year of service. For Plan 3 the allowance amount is 1 percent of the AFC for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option.

In addition, a $150,000 death benefit is provided to the estate (or duly designated nominee) of a SERS member

who dies in the line of service as a result of injuries sustained in the course of employment, if found eligible by the Department of Labor and Industries.

Legislation passed in recent sessions effective in Fiscal Year 2006:

Effective July 24, 2005, SERS Plan 2 and Plan 3 members can purchase service credit for military service that interrupted employment, if they are disabled while on active duty and cannot return to employment, or are killed on active duty (Chapter 64, Laws of 2005).

Effective June 7, 2006, allows SERS Plan 3 members to be vested either after 10 years of service or after five years of service, as long as 12 consecutive months of service were accrued after attainment of age 44 (Chapter 33, Laws of 2006).

There were no other material changes in SERS benefit provisions for the Fiscal Year ended June 30, 2006.

SERS pension benefit provisions are established by chapter 41.35 and 41.34 RCW.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977, are Plan 2 members.

LEOFF defined benefit 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 state legislative appropriations. Employee contributions to the LEOFF Plan 1 and 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2006, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in LEOFF Plan 1 and 2 can elect to withdraw total employee contributions and interest earnings thereon upon separation from LEOFF-covered employment.

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers who were first included prospectively effective July 27, 2003, being a major exception. LEOFF retirement benefit provisions are established in state statute and may be amended only by the state Legislature. 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 for the LEOFF Plan 2 retirement plan.

LEOFF Plan 1 retirement benefits are vested after an employee completes 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:

Term of Service	Percent of FAS
20+	2.0%
10-19	1.5%
5-9	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of FAS. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

LEOFF Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the FAS per year of service (FAS is based on the highest consecutive 60 months). Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 1 provides death and disability benefits. Death benefits for Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If no eligible spouse, 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS. In addition, a duty death benefit of $150,000 is provided to Plan 1 and Plan 2 members.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, and to reflect the choice of a survivor option.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability can receive a retirement allowance, not actuarially reduced, of at least 10 percent of FAS. If the unreduced 2 percent per year of service disability benefit results in a greater benefit than the minimum 10 percent, the member receives the greater benefit. The first 10 percent of the line-duty disability benefit is not subject to federal income tax. The line-duty disability benefit applies to all LEOFF Plan 2 members disabled in the line of duty on or after January 1, 2001.

Legislation passed in recent sessions effective in Fiscal Year 2006:

Effective July 24, 2005, LEOFF Plan 1 retirees can designate a spouse from a post-retirement marriage as a beneficiary, even if an ex-spouse is receiving a portion of the retiree's benefit under a court-approved property settlement (Chapter 67, Laws of 2005).

Effective July 24, 2005, the spouse of a LEOFF Plan 1 retiree who receives a portion of the retiree's monthly pension under a court-ordered property settlement, can continue receiving that portion after the retiree dies (Chapter 62, Laws of 2005).

Effective July 24, 2005, LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption (Chapter 372, Laws of 2005).

Effective July 24, 2005, LEOFF Plan 2 members can purchase credit for military service that interrupted employment, if they are disabled while on active duty and cannot return to employment, or are killed while on active duty (Chapter 64, Laws of 2005).

Effective July 24, 2005, current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan 2 (Chapter 459, Laws of 2005).

Effective March 14, 2006, Plan 2 members who are catastrophically disabled in the line-of-duty may receive a benefit equal to seventy percent of their average final salary, subject to offsets for other sources of disability income (Chapter 39, Laws of 2006).

Effective June 7, 2006, Plan 2 survivors may receive reimbursement for payment of continuing health care premiums (Chapter 345, Laws of 2006).

Effective June 7, 2006, the $150,000 line-of-duty death benefit is extended to those members who die of a duty-related illness (Chapter 351, Laws of 2006).

There were no other material changes in LEOFF benefit provisions for the Fiscal Year ended June 30, 2006.

LEOFF pension benefit provisions are established by chapter 41.26 RCW.

Washington State Patrol Retirement System (WSPRS)

WSPRS is a single-employer defined benefit retirement system. WSPRS participants who joined the system by December 31, 2002, are Plan 1 members. 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.

WSPRS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to WSPRS accrue interest at a rate specified by DRS. During Fiscal Year 2006, the DRS-established rate on employee contributions was 5.5 percent annually, compounded monthly. Employees in WSPRS can elect to withdraw total employee contributions and interest earnings thereon upon separation from WSPRS-covered employment.

WSPRS was established by the Legislature in 1947. Any commissioned employee of the Washington State Patrol is eligible to participate. WSPRS benefits are established in state statute and may be amended only by the state Legislature.

WSPRS retirement benefits are vested after an employee completes five years of eligible service. Members are eligible for retirement at the age of 55 with five years of service, or after 25 years of service. The annual pension is 2 percent of the average final salary (AFS), capped at 75 percent, per year of service. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

WSPRS benefit provisions include death benefits; however, the system provides no disability benefits. Disability benefits may be available from the Washington State Patrol. If disability benefits are received, the member may be eligible to acquire service

credit for the period of disability. In addition, a duty death benefit of $150,000 is provided to all WSPRS members.

For WSPRS Plan 1 members, AFS is based on the average of the two highest-paid service credit years and excludes voluntary overtime. Death benefits for Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the AFS, plus 5 percent of the AFS for each surviving child, with a limitation on the combined allowances of 60 percent of the AFS; or (2) If no eligible spouse, 30 percent of AFS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of AFS.

For WSPRS Plan 2 members, AFS is based on the average of the five consecutive highest-paid service credit years and excludes both voluntary overtime and cash-outs of annual and holiday leave. At retirement, Plan 2 members also have the option of selecting an actuarially reduced benefit in order to provide for post-retirement survivor benefits. Death benefits for active-duty Plan 2 members consist of the following: (1) If the member is single or has less than 10 years of service, the return of the member's accumulated contributions; or (2) If the member is married, has an eligible child, or has completed 10 years of service, a reduced benefit allowance reflecting a joint and 100 percent survivor option *or* 150 percent of the member's accumulated contributions, at the survivor's option.

Beneficiaries of a WSPRS Plan 2 member with 10 years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not of normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

Legislation passed in the 2006 session, effective June 7, 2006, states that benefits for surviving spouses of disabled state troopers will be based on the current salaries of members of the same rank the member held at the time of disablement (Chapter 94, Laws of 2006).

There were no other material changes in WSPRS benefit provisions for the Fiscal Year ended June 30, 2006.

WSPRS pension benefit provisions are established by chapter 43.43 RCW.

Judicial Retirement System (JRS)

JRS is an agent multiple-employer retirement system comprised of a single defined benefit plan. JRS retirement benefits are financed on a pay-as-you-go basis from a combination of investment earnings, employer contributions, employee contributions, and a special funding situation in which the state pays the remaining contributions.

During Fiscal Year 2006, the DRS established rate on employee contributions was 5.5 percent, compounded quarterly. JRS employees who are vested in the plan may not elect to withdraw their contributions upon termination. However, any JRS member that left the system before July 1, 1988, or his/her spouse, who was ineligible to receive a benefit at that time, may apply and receive a refund of such contributions from DRS, if said contributions have not been already refunded via a sundry claims appropriation from the state legislature.

JRS was established by the Legislature in 1971. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts on or after August 9, 1971. The system was closed to new entrants on July 1, 1988, with new judges joining PERS Plan 2. JRS retirement benefit provisions are established in state statute and may be amended only by the state Legislature.

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 benefit per year of service calculated as a percent of average final compensation (AFC) is as follows:

Term of Service	Percent of AFC
15+	3.5%
10-14	3.0%

Death and disability benefits are also provided. Eligibility for death benefits while on active duty requires 10 or more years of service. A monthly spousal benefit is provided which is equal to 50 percent of the benefit a member would have received if retired. If the member is retired, the surviving spouse receives the greater of 50 percent of the member's retirement benefit or 25 percent of the AFC. For members with 10 or more years of service, a disability benefit of 50 percent of AFC is provided.

There were no material changes in JRS benefit provisions for the Fiscal Year ended June 30, 2006.

JRS pension benefit provisions are established by chapter 2.10 RCW.

Judges' Retirement Fund (Judges)

The Judges' Retirement Fund is an agent multiple-employer retirement system comprised of a single defined benefit plan. There are currently no active members in this plan. Retirement benefits were financed on a pay-as-you-go basis from a combination of past

employee contributions, past employer contributions, and a special funding situation in which the state paid the remaining contributions. Retirees did not earn interest on their contributions, nor could they elect to withdraw their contributions upon termination.

The Judges' Retirement Fund was created by the Legislature on March 22, 1937, pursuant to RCW 2.12, to provide retirement benefits to judges of the Supreme Court, Court of Appeals, or Superior Courts of the state of Washington. Subsequent legislation required that all judges first appointed or elected to office on or after August 9, 1971, enter the Judicial Retirement System. Judges' retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Judges' members are eligible for retirement at the age of 70 with ten years of service, or at any age with 18 years of service. Members are eligible to receive a partial retirement allowance after 12 years of credited service as a judge. With the exception of a partial retirement allowance, the member receives a benefit equal to one-half of the monthly salary being received as a judge at the time of retirement, or at the end of the term immediately prior to retirement if retirement occurs after the expiration of the member's term in office. A partial retirement allowance is based on the proportion of the member's 12 or more years of service in relation to 18 years of service.

There were no material changes in Judges' benefit provisions for the Fiscal Year ended June 30, 2006.

Judges' pension benefit provisions are established by chapter 2.12 RCW.

The Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF)

VFFRPF is a cost-sharing multiple-employer retirement system that provides death and active duty disability benefits to all members, and optional defined benefit pension plan payments.

VFFRPF retirement benefits are financed from a combination of investment earnings, member contributions, municipality contributions, and a special funding situation where the state pays the remaining contributions. VFFRPF members accrue no interest on contributions and may elect to withdraw their contributions upon termination.

The Volunteer Fire Fighters' Relief Act was created by the Legislature in 1935 and the pension portion of the act was added in 1945. Membership in the system 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.

Retirement benefits are established in state statute and may be amended only by the state Legislature. Since retirement benefits cover volunteer service, benefits are paid based on years of service not salary. Members are vested after ten years of service.

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.

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 $152,000. Funeral and burial expenses are also paid in a lump sum of $2,000 for members on active duty. Members receiving disability benefits at the time of death shall be paid $500. Members on active duty shall receive disability payments of $2,550 per month for up to six months; thereafter, payments are reduced. Disabled members receive $1,275 per month, their spouse $255, and dependent children $110. Benefit provisions for VFFRPF are established under the authority of chapter 41.24 RCW.

Effective July 1, 2001, the disability income benefits and the maximum survivor benefits under the Relief Plan are increased for increases in the CPI.

There were no material changes in VFFRPF benefit provisions for the Fiscal Year ended June 30, 2006.

C. Funding Policies

Contributions towards the amortization of the PERS 1 and TRS 1 unfunded actuarial accrued liability (UAAL) were suspended for the 2003-2005 and 2005-2007 biennia. Legislation during the 2006 session provided for resumption of UAAL payments beginning September 1, 2006 for TRS and SERS, and January 1, 2007 for PERS.

The estimated value of future gain-sharing benefits is included in the liabilities for accounting disclosure purposes. However, the actual contribution rates for PERS, TRS, and SERS at the close of the Fiscal Year 2006 were adopted by the legislature and did not include the value of gain-sharing benefits.

The Legislature provided for minimum contribution rates (Chapter 365 Laws of 2006). These minimum rates will go into effect beginning with the 2009-11 biennium.

Public Employees' Retirement System (PERS)

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. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. There are no employer contributions to PERS Plan 3 defined contribution. Employees who participate in the defined contribution portion of PERS Plan 3 contribute to the defined contribution plan instead of the defined benefit portion of PERS Plan 3. The employee chooses from six rate options provided in statute ranging from 5 to 15 percent, two of the options are graduated rates dependent on the employee's age. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current year covered payroll) at the close of Fiscal Year 2006 were as follows:

PERS Actual Contribution Rates

	Plan 1	Plan 2	Plan 3
Employer Rates:			
State agencies*	2.44%	2.44%	2.44%**
Local governmental units*	2.44%	2.44%	2.44%**
State gov't elected officials*	3.57%	2.44%	2.44%**
Employee Rates:			
State agencies	6.00%	2.25%	***
Local governmental units	6.00%	2.25%	***
State gov't elected officials	7.50%	2.25%	***

*The employer rates include an administrative expense rate of 0.19 percent

**Plan 3 defined benefit portion only.

***Variable from 5% to 15% based on rate selected by the member.

Teachers' Retirement System (TRS)

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. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state elected officials. . The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. There are no employer contributions to TRS Plan 3 defined contribution. Employees who participate in the defined contribution portion of TRS Plan 3 contribute to the defined contribution plan instead of the defined benefit portion of TRS Plan 3. The employee chooses from six rate options provided in statute ranging from 5 to 15 percent, two of the options are graduated rates dependent on the employee's age. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.32 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2006 were as follows:

TRS Actual Contribution Rates

	Plan 1	Plan 2	Plan 3
Employer Rates *	2.92%	2.92%	2.92%**
Employee Rates:			
State agencies	6.00%	2.48%	***
Local governmental units	6.00%	2.48%	***
State gov't elected officials	7.50%	2.48%	***

*The employer rates include an administrative expense rate of 0.19 percent.

** Plan 3 defined benefit portion only.

*** Variable from 5% to 15% based on rate selected by the member.

School Employees' Retirement System (SERS)

Each biennium the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 employer contribution rates. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. There are no employer contributions to SERS Plan 3 defined contribution. Employees who participate in the defined contribution portion of SERS Plan 3 contribute to the defined contribution plan instead of the defined benefit portion of SERS Plan 3. The employee chooses from six rate options provided in statute ranging from 5 to 15 percent, two of the options are graduated rates dependent on the employee's age. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates.

The methods used to determine the contribution requirements are established under state statute in chapters 41.35 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current year covered payroll) at the close of Fiscal Year 2006 were as follows:

SERS Actual Contribution Rates

	Plan 2	Plan 3
Employer Rates:		
State agencies*	2.94%	2.94% **
Local governmental units*	2.94%	2.94% **
Employee Rates:		
State agencies	2.75%	***
Local governmental units	2.75%	***

*The employer rates include an administrative expense rate of 0.19 percent.
**Plan 3 defined benefit portion only.
***Variable from 5% to 15% based on rate selected by the member.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

Beginning July 1, 2000, Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF 2 Board. All employers are required to contribute at the level required by state statute.

Required contribution rates (expressed as a percentage of current year covered payroll) at the close of Fiscal Year 2006 were as follows:

LEOFF Actual Contribution Rates

	Plan 1	Plan 2
Employer Rates:		
Ports and Universities*	NA	7.18%
Local governmental units* (cities, counties, fire districts, etc)	0.19%	4.39%
Employee Rates:		
Ports and Universities	NA	6.99%
Local governmental units (cities, counties, fire districts, etc)	NA	6.99%
State of Washington	NA	2.79%

*The employer rates include an administrative expense rate of 0.19 percent.

The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 1 and Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF 2 Board. 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. For Fiscal Year 2006, the state contributed $31.7 million to LEOFF Plan 2.

Washington State Patrol Retirement System (WSPRS)

Each biennium, the state Pension Funding Council adopts the employee and the state contribution rates. The employee and the state contribution rates are developed by the Office of the State Actuary to fully fund the plan. State statute also requires employees to contribute at a rate of at least 2 percent. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 43.43 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current year covered payroll) at the close of Fiscal Year 2006 were as follows:

WSPRS Actual Contribution Rates

	Plan 1	Plan 2
Employer rate	4.70%	4.70%
Employee rate	4.51%	4.51%

*The employer rates include an administrative expense rate of 0.19 percent

Judicial Retirement System (JRS)

Contributions made are based on rates set in chapter 2.10 RCW. By statute, employees are required to contribute 7.5 percent with an equal amount contributed by the state. In addition, the state guarantees the solvency of the JRS on a pay-as-you-go basis. Each biennium, the Legislature, through biennial appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2006, the state contributed $6.6 million.

Judges' Retirement Fund (Judges)

Contributions made are based on rates set in chapter 2.12 RCW. By statute, employees are required to contribute 6.5 percent with an equal amount contributed by the state. In addition, the state guarantees the solvency of the Judges' Retirement Fund on a pay-as-you-go basis. As of June 30, 2006, there are no active members remaining in the Judges Retirement Fund and member contributions are no longer collected. Each biennium, the Legislature, through biennial appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2006, the state contributed $0.3 million.

The Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF)

The retirement provisions of VFFRPF is funded through member contributions of $30 per year, employer contributions of $30 per year, and 40 percent of the Fire

Insurance Premium Tax, as per chapter 41.24 RCW. VFFRPF members earn no interest on contributions and may elect to withdraw their contributions upon termination. The death and disability provisions of VFFRPF are funded by an employer contribution rate, which as of July 24, 2005 increased from $10 to $30 per member (Chapter 37, Laws of 2005).

Administrative expenses are funded through fire insurance premium taxes and are maintained in a separate fund. Amounts not needed for administrative expenses are transferred to VFFRPF.

D. Employer Contributions Required and Paid

The following table presents the state of Washington's required contributions in millions of dollars to cost-sharing plans in accordance with the funding policy. All contributions required by the funding method were paid.

	2006	2005	2004
PERS Plan 1	$15.0	$11.3	$11.5
PERS Plan 2/3	73.1	36.7	34.3
TRS Plan 1	0.5	0.3	0.3
TRS Plan 2/3	0.5	0.2	0.2
SERS Plan 2/3	0.0	0.0	0.0
LEOFF Plan 1	0.0	0.0	0.0
LEOFF Plan 2	32.2	21.6	20.5
VFFRPF	4.6	4.4	4.4

There are no long-term contracts for contributions for any of the retirement plans administered by the state.

E. Annual Pension Cost and Other Related Information

Current year annual pension cost, net pension obligation (NPO) and related information for the current year for the State's single employer and agent multiple-employer defined benefit plans are as follows (amounts in millions);

	WSPRS	JRS	Judges
Annual Pension Cost and Net Pension Obligation:			
Annual required contribution	$ 6.1	$27.7	$ 0.1
Interest on NPO	(1.6)	4.9	(0.2)
Adjustment to annual required contribution	2.6	(19.3)	0.8
Annual pension cost	7.1	13.3	0.7
Less contributions made	3.1	6.7	0.3
Increase (decrease) in NPO	4.0	6.6	0.4
NPO at beginning of year	(20.2)	61.4	(2.6)
NPO at end of year	$(16.2)	$68.0	$(2.2)

Actuarial Assumptions:			
Valuation date	9/30/05	9/30/05	9/30/05
Actuarial cost method	Aggregate*	Entry age	Entry age
Amortization method	n/a	Level $	Level $
Remaining amortization period (closed)	n/a	12/31/08	12/31/08
Asset valuation method	8 year graded smoothed fair value	Market	Market
Actuarial assumptions:			
Investment rate of return	8%	8%	8%
Projected salary increases	4.5%**	4.5%	4.5%
Includes inflation at	3.5%	3.5%	3.5%
Cost-of-living adjustments	CPI increase, maximum 3%	3.00%	none

* The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities.

** WSPRS also assumes a 6 percent salary merit increase for a merit period of 20 years.

F. Three Year Historical Trend Information

The following table presents three-year trend information in millions for the plans listed:

	2006	2005	2004
WSPRS			
Annual Pension Cost	$7.1	$4.4	$3.8
% of APC contributed	44.0	0.0	0.0
NPO	$(16.2)	$(20.2)	$(24.6)
JRS			
Annual Pension Cost	$13.3	$12.1	$11.8
% of APC contributed	50.5	50.8	52.5
NPO	$68.0	$61.4	$55.5
Judges			
Annual Pension Cost	$0.7	$0.5	$0.6
% of APC contributed	42.9	100.0	83.3
NPO	$(2.2)	$(2.6)	$(2.6)

There are no long-term contracts for contributions for any of the retirement plans administered by the state.

G. Changes in Actuarial Assumptions and Methods

Pension funding legislation was adopted during the 2005 legislative session (Chapter 370, Laws of 2005), which creates a short-term change in funding policy. The policy is to adopt annual contribution rates over a four-year "phase-in" period from 2005-09, to suspend payments on the Plan 1 Unfunded Actuarial Accrued Liability (UAAL) in PERS and TRS during the 2005-07

biennium, and to delay recognition of the cost of future gain-sharing benefits until the 2007-09 biennium.

Legislation enacted during the 2006 session called for a resumption of Plan 1 UAAL contributions, also on a phase-in basis, on September 1, 2006 for TRS and SERS employers, and on January 1, 2007 for PERS employers.

New valuation software was used to produce the 2005 actuarial valuation results. As part of the new implementation, the present value of future salaries is calculated differently to produce the normal cost contribution rate.

The estimated value of future gain-sharing benefits is included in the liabilities for accounting disclosure purposes, as well as for funding purposes.

The demographic assumptions for LEOFF Plan 2 were modified for a disability benefit enhancement.

PERS Plan 1 and TRS Plan 1 retirement rates were increased slightly to reflect the increased cost for the post-retirement employment program offered to those members.

Mortality rates for PERS, TRS, SERS, LEOFF, and WSP now recognize a trend toward increased longevity over time. The Retirement Plan (RP)-2000 continues to serve as the base mortality table. In addition, generational mortality improvements are projected using 50 percent of Scale AA, published by the Society of Actuaries. The estimated value of this assumption change is included in the liabilities for accounting disclosure purposes, but not for funding purposes.

H. Changes in Benefit Provisions

The 2006 legislative session provided the following changes in benefit provisions.

Judges in PERS may increase their benefit multiplier. Member pays all increased costs for this benefit enhancement (Chapter 189, Laws of 2006).

The PERS and TRS Plan 1 $1,000 minimum benefit already afforded to annuitants with at least 25 years of service who have been retired at least 20 years was extended to those annuitants with at least 20 years of service who have been retired at least 25 years. This minimum benefit is also increased by 3 percent annually (Chapter 244, Laws of 2006).

PERS, TRS, and SERS Plan 3 members may be vested either after ten years of service or after five years of service, as long as 12 consecutive months of service were accrued after attainment of age 44 (Chapter 33, Laws of 2006).

Members of TRS Plans 2 and 3 may purchase up to seven years of service credit for educational service earned outside the state of Washington (Chapter 257, Laws of 2006).

The thirty-year service cap has been removed for those LEOFF Plan 1 members hired on or after February 19, 1974 (Chapter 350, Laws of 2006).

The $150,000 line-of-duty death benefit is extended to those LEOFF Plan 2 members who die of a duty-related illness (Chapter 351, Laws of 2006).

LEOFF Plan 2 members who are catastrophically disabled in the line-of-duty may receive a benefit equal to 70 percent of their average final salary, subject to offsets for other sources of disability income (Chapter 39, Laws of 2006).

LEOFF Plan 2 survivors may receive reimbursement for payment of health care premiums (Chapter 34,5 Laws of 2006).

Benefits for surviving spouses of disabled WSP members will be based on the current salaries of members of the same rank the member held at the time of disablement (Chapter 94, Laws of 2006).

I. Defined Contribution Plans

Public Employees' Retirement System Plan 3 (PERS 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). Eligible employees include: 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 participants 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 exercise an option to transfer their membership to Plan 3. PERS participants who joined 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. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. 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 RCW 41.40, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries based on member choice. 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 solely dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions as authorized by the Employee Retirement Benefits Board. Any expenses caused in conjunction with self-directed investments are to be paid by members. Absent a member's self-direction, PERS Plan 3 investments are made in the same portfolio as that of the PERS 2/3 defined benefit plan.

For Fiscal Year 2006, employee contributions required and made were $64.8 million, and plan refunds paid out were $35.5 million.

Teachers' Retirement System Plan 3 (TRS 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). Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity. TRS participants 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 participants joining the system on or after July 1, 1996, and those who exercised their transfer option, are members of TRS Plan 3. 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 RCW 41.34, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries based on member choice. 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 solely dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions as authorized by the Employee Retirement Benefits Board. Any expenses caused in conjunction with self-directed investments are to be paid by members. Absent a member's self-direction, TRS Plan 3 investments are made in the same portfolio as that of the TRS 2/3 defined benefit plan.

For Fiscal Year 2006, employee contributions required and made were $195.9 million and plan refunds paid out were $41.9 million.

School Employees' Retirement System Plan 3 (SERS 3)

The School Employees' Retirement System (SERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Eligible employees include classified employees of school districts and educational service districts who joined PERS Plan 2 on or after October 1, 1977, and by August 31, 2000, and were transferred to SERS Plan 2 on September 1, 2000. Members transferred from PERS Plan 2 to SERS Plan 2 may exercise an option to transfer their membership to SERS Plan 3. SERS participants joining the system on or after September 1, 2000, are also members of SERS Plan 3. Refer to Section B of this note for SERS plan descriptions.

SERS 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 RCW 41.35, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of SERS Plan 3.

SERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions as authorized by the Employee Retirement Benefits Board. Any expenses caused in conjunction with self-directed investments are to be paid by members. Absent a member's self-direction, SERS Plan 3 investments are made in the same portfolio as that of the SERS 2/3 defined benefit plan.

For Fiscal Year 2006, employee contributions required and made were $49.8 million and plan refunds paid out were $24.9 million.

Judicial Retirement Account (JRA)

The Judicial Retirement Account 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, 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 the PERS for their services as a judge. Vesting is full and immediate. There are three participating employers in JRA.

Member contributions equal 2.5 percent of covered salary and the state, as employer, matches this amount. Contributions are collected by the Administrative Office of the Courts. 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 State Legislature.

Current-year covered payroll for JRA employees was $25.4 million for the Fiscal Year ended June 30, 2006. For Fiscal Year 2006, the contribution requirement for JRA was $1.3million. Actual employer and employee contributions were $635 thousand each, for a total of $1.3 million. Plan benefits paid out for Fiscal Year 2006 totaled $207 thousand.

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 shall be paid to the member's estate, or such person or persons, trust or organization as the member has nominated by written designation.

The Administrator of JRA has entered an agreement with DRS for accounting and reporting services, and the Washington State Investment Board (SIB) for investment services. DRS is responsible for all record keeping, accounting, and reporting of member accounts. The SIB has the full power to establish investment policy, develop participant investment options, and manage the investment funds from the JRA plan, consistent with the provisions of RCW 2.14.080 and RCW 43.84.150.

Higher Education Retirement Plans

The Higher Education Retirement Plans are privately administered defined contribution plans with a supplemental plan component. As authorized by RCW 28B.10, the plans cover higher education faculty and other positions as designated by each institution. The state and regional universities, the state college, and the state community and technical colleges each participate in a plan. 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 28.B.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, and the state board for community colleges.

Employee contribution rates, based on age, range from 5 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 2006, covered payroll was $1.4 billion. Employer and employee contributions were $114.7 million each, for a total of $229.4 million. These contribution amounts represent approximately 8 percent each of covered payroll for employers and employees.

The plans have a supplemental payment component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. Institutions make direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals. The supplemental component is financed on a pay-as-you-go basis.

An actuarial evaluation of the supplemental component of the Higher Education Retirement plans was done at the end of Fiscal Year 2004. The previous evaluation was performed in 1999. The Unfunded Actuarial Accrued Liability (UAAL) calculated as of June 30, 2004 and 1999 was $48.1 million and $26.2 million, respectively, and is amortized over a 19.5-year period. The Annual Required Contribution (ARC) of $5.1 million consists of amortization of the UAL ($2.8 million) and normal cost (or current cost) ($2.1 million). The UAL and ARC were established using the entry age normal cost method. The actuarial assumptions included an investment rate of return of 6 to 8 percent and projected salary increases ranging from 2 to 4 percent. Approximately $1.1 billion and $573.9 million of payroll were covered under these plans during 2004 and 1999, respectively.

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

	2006	2005	2004
Annual required contribution	$ 5.1	$ 5.1	$ 5.1
Payments to beneficiaries	(1.6)	(2.1)	(2.3)
Increase (decrease) in NPO	3.5	3.0	2.8
NPO at beginning of year	5.8	2.8	0.0
NPO at end of year	$ 9.3	$ 5.8	$ 2.8

J. Plan Net Assets and Changes in Plan Net Assets

The Combining Statement of Plan Net Assets that follows presents the principal components of receivables, investments, and liabilities. The Combining Statement of Changes in Plan Net Assets presents the additions and deductions to plan net assets.

Combining Statement of Plan Net Assets

Pension and Other Employee Benefit Funds

June 30, 2006

(expressed in thousands)

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1	TRS Plan 2/3 Defined Benefit	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit
Assets:							
Cash and pooled investments	$ 371	$ 5,835	$ 158	$ 765	$ 4,072	$ 2,917	$ 1,466
Receivables:							
Interest and dividends	31,747	43,643	1,907	26,849	15,445	5,548	6,240
Due from other funds	15	207	6,431	14	3,434	15,034	817
Due from other governments	4,476	16,256	3,039	3,743	7,139	16,778	3,797
Other (net of allowance)	42,212	57,711	2,518	35,461	20,367	7,314	8,223
Total Receivables	78,450	117,817	13,895	66,067	46,385	44,674	19,077
Investments, Noncurrent:							
Asset backed securities	3,066	4,247	186	2,596	1,500	541	605
Certificates of deposit	77,257	107,010	4,696	65,401	37,785	13,619	15,250
Commercial paper	67,537	93,546	4,105	57,172	33,031	11,906	13,332
Corporate bonds	837,426	1,159,926	50,905	708,911	409,573	147,626	165,306
Corporate stock	1,430,527	1,981,435	86,957	1,210,992	699,649	252,181	282,382
Currencies	20,834	28,858	1,266	17,637	10,190	3,673	4,113
Govt securities - domestic	11,815	16,366	718	10,002	5,779	2,082	2,333
Govt securities - foreign	17,082	23,660	1,038	14,460	8,354	3,011	3,372
Investments on loan	1,059,162	1,467,054	64,383	896,618	518,020	186,715	209,076
Mortgages	789,270	1,093,225	47,977	668,145	386,020	139,137	155,799
Mutual funds	2,892,877	4,006,950	647,167	2,448,924	1,414,863	1,860,857	571,047
Private equity	1,719,271	2,381,377	104,509	1,455,424	840,870	303,083	339,380
Real estate	1,077,151	1,491,971	65,477	911,847	526,819	189,886	212,627
Repurchase agreements	300,300	415,612	18,221	254,190	146,997	52,841	59,299
Short term investments	992,929	1,384,403	57,958	841,353	501,048	173,841	203,703
Other noncurrent investments	-	-	-	-	-	-	-
Total Investments, Noncurrent	11,296,504	15,655,640	1,155,563	9,563,672	5,540,498	3,340,999	2,237,624
Total Assets	$ 11,375,325	$ 15,779,292	$ 1,169,616	$ 9,630,504	$ 5,590,955	$ 3,388,590	$ 2,258,167
Liabilities:							
Obligations under security lending agreements	$ 1,080,221	$ 1,496,145	$ 65,373	$ 914,422	$ 528,918	$ 189,856	$ 213,585
Accrued liabilities	42,890	51,158	2,198	36,371	18,071	6,384	7,329
Due to other funds	173	7,356	158	111	15,482	3,403	5,782
Deferred revenues	126	210	-	294	76	-	2
Total Liabilities	1,123,410	1,554,869	67,729	951,198	562,547	199,643	226,698
Net Assets							
Net Assets Held in Trust for:							
Pension Benefits (Schedule of funding progress by plan begins on page C-118)	10,251,915	14,224,423	1,101,887	8,679,306	5,028,408	3,188,947	2,031,469
Deferred Compensation Participants	-	-	-	-	-	-	-
Total Net Assets	$ 10,251,915	$ 14,224,423	$ 1,101,887	$ 8,679,306	$ 5,028,408	$ 3,188,947	$ 2,031,469

SERS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2	WSPRS Plan 1/2	JRS	JRA	Judges	VFFRPF	Deferred Compensation	**Total**
$ 703	$ 383	$ 560	$ 304	$ 27	$ 7	$ 4,083	$ 25,041	$ 524	$ 47,216
1,925	17,174	12,644	2,517	2	-	-	371	-	166,012
5,584	22	12	2	1	-	14	76	1	31,664
4,316	-	8,466	264	9	-	-	-	-	68,283
2,538	22,629	16,709	3,318	-	-	3	490	1,855	221,348
14,363	39,825	37,831	6,101	12	-	17	937	1,856	487,307
188	1,664	1,229	244	-	-	-	37	-	16,103
4,737	41,932	30,962	6,156	-	-	-	912	-	405,717
4,141	36,656	27,067	5,381	-	-	-	796	-	354,670
51,344	454,521	335,617	66,725	-	-	-	9,873	-	4,397,753
87,708	776,432	573,315	113,981	-	-	-	16,869	-	7,512,428
1,277	11,308	8,350	1,660	-	-	-	246	-	109,412
725	6,413	4,735	940	-	-	-	141	-	62,049
1,047	9,271	6,846	1,361	-	-	-	202	-	89,704
64,940	574,871	424,482	84,392	-	-	-	12,490	-	5,562,203
48,392	428,385	316,317	62,887	-	-	-	9,305	-	4,144,859
400,522	1,570,138	1,159,384	230,499	-	11,596	-	34,109	1,488,913	18,737,846
105,412	933,152	689,035	136,988	-	-	-	20,272	-	9,028,773
66,043	584,635	431,692	85,825	-	-	-	12,699	-	5,656,672
18,378	162,882	120,188	23,919	10	-	227	4,921	29	1,578,014
58,710	537,233	408,192	79,717	-	-	-	11,635	-	5,250,722
-	-	-	-	-	5,524	-	-	695,920	701,444
913,564	6,129,493	4,537,411	900,675	10	17,120	227	134,507	2,184,862	63,608,369
$ 928,630	$ 6,169,701	$ 4,575,802	$ 907,080	$ 49	$ 17,127	$ 4,327	$ 160,485	$ 2,187,242	$ 64,142,892
$ 65,865	$ 586,193	$ 432,759	$ 86,063	$ 11	$ -	$ 227	$ 14,117	$ 28	$ 5,673,783
2,215	20,062	14,577	3,074	37	-	4	434	31	204,835
810	10	188	8	-	-	-	17	1	33,499
-	-	17	-	-	-	-	-	-	725
68,890	606,265	447,541	89,145	48	-	231	14,568	60	5,912,842
859,740	5,563,436	4,128,261	817,935	1	17,127	4,096	145,917	-	56,042,868
-	-	-	-	-	-	-	-	2,187,182	2,187,182
$ 859,740	$ 5,563,436	$ 4,128,261	$ 817,935	$ 1	$ 17,127	$ 4,096	$ 145,917	$ 2,187,182	$ 58,230,050

Combining Statement of Changes in Plan Net Assets

Pension and Other Employee Benefit Funds

For the Fiscal Year Ended June 30, 2006
(expressed in thousands)

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1	TRS Plan 2/3 Defined Benefit	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit
Additions:							
Contributions:							
Employers	$ 29,601	$ 149,579	$ -	$ 15,077	$ 75,353	$ -	$ 30,419
Members	51,279	131,383	64,776	38,587	9,157	195,910	11,976
State	-	-	-	-	-	-	-
Participants	-	-	-	-	-	-	-
Total Contributions	80,880	280,962	64,776	53,664	84,510	195,910	42,395
Investment Income:							
Net appreciation (depreciation) in fair value	1,249,839	1,644,879	107,045	1,052,524	579,465	320,531	233,623
Interest and dividends	332,581	439,592	24,001	280,602	153,757	62,617	62,083
Less: Investment expenses	(48,038)	(63,769)	(4,023)	(40,553)	(20,727)	(11,533)	(8,482)
Net Investment Income	1,534,382	2,020,702	127,023	1,292,573	712,495	371,615	287,224
Transfers from other pension plans	68	239	1,213	78	261	620	2,589
Other additions	-	-	-	-	-	-	-
Total Additions	1,615,330	2,301,903	193,012	1,346,315	797,266	568,145	332,208
Deductions:							
Pension benefits	929,423	121,096	-	763,613	22,352	-	13,500
Pension refunds	6,553	26,477	35,540	1,042	2,398	41,909	2,477
Transfers to other pension plans	-	3,747	239	2	673	296	331
Administrative expenses	458	421	-	153	37	-	82
Distributions to participants	-	-	-	-	-	-	-
Total Deductions	936,434	151,741	35,779	764,810	25,460	42,205	16,390
Net Increase (Decrease)	678,896	2,150,162	157,233	581,505	771,806	525,940	315,818
Net Assets - Beginning	9,573,019	12,074,261	944,654	8,097,801	4,256,602	2,663,007	1,715,651
Net Assets - Ending	$ 10,251,915	$ 14,224,423	$ 1,101,887	$ 8,679,306	$ 5,028,408	$ 3,188,947	$ 2,031,469

SERS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2	WSPRS Plan 1/2	JRS	JRA	Judges	VFFRPF	Deferred Compensation	**Total**
$ -	$ 70	$ 48,472	$ 3,134	$ 115	$ 635	$ -	$ 1,074	$ -	$ 353,529
49,767	143	82,085	3,152	115	635	-	129	-	639,094
-	-	31,665	-	6,601	-	300	4,621	-	43,187
-	-	-	-	-	-	-	-	168,000	168,000
49,767	213	162,222	6,286	6,831	1,270	300	5,824	168,000	1,203,810
86,642	666,522	469,212	96,783	1	1,207	3	14,543	158,739	6,681,558
22,428	177,608	126,219	25,833	63	346	154	4,491	47,926	1,760,301
(3,762)	(25,788)	(19,292)	(3,761)	(3)	(21)	(18)	(518)	(2,724)	(253,012)
105,308	818,342	576,139	118,855	61	1,532	139	18,516	203,941	8,188,847
334	101	1	8	-	-	-	-	-	5,512
-	-	-	-	-	11	-	-	1,536	1,547
155,409	818,656	738,362	125,149	6,892	2,813	439	24,340	373,477	9,399,716
-	288,209	14,433	30,666	9,247	207	624	9,323	-	2,202,693
24,946	3	7,115	125	-	-	-	10	-	148,595
121	1	102	-	-	-	-	-	-	5,512
-	75	115	65	-	-	-	56	-	1,462
-	-	-	-	-	-	-	-	109,318	109,318
25,067	288,288	21,765	30,856	9,247	207	624	9,389	109,318	2,467,580
130,342	530,368	716,597	94,293	(2,355)	2,606	(185)	14,951	264,159	6,932,136
729,398	5,033,068	3,411,664	723,642	2,356	14,521	4,281	130,966	1,923,023	51,297,914
$ 859,740	$ 5,563,436	$ 4,128,261	$ 817,935	$ 1	$ 17,127	$ 4,096	$ 145,917	$ 2,187,182	$ 58,230,050

Note 12 – Other Post Employment 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 the same medical and dental coverage available to state employees. It is available on a self-paid basis.

Sick Leave Buy-Out
At the time of separation from state service due to retirement or death, as disclosed in Note 1.D., the state offers a 25 percent buy-out of an employee's accumulated sick leave. Individual state agencies may offer eligible employees a medical expense plan that provides for reimbursement of medical expenses. Instead of cashing out sick leave at retirement, agencies may deposit equivalent funds in a medical expense plan that meets the requirements of the Internal Revenue Code.

Post Retirement Benefits
In addition to pension benefits as described in Note 11, the state also offers medical, dental, and life insurance benefits to eligible retirees. Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's single, community-rated health insurance risk pool on a self-pay basis. State retirees who are enrolled in both Parts A and B of Medicare are offered several benefit plan options for which the Legislature annually determines the state's share of the premium. In 2006, the state-funded contribution was $131.87 per retiree per month.

The Governmental Accounting Standards Board (GASB) has issued Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Both Statements 43 and 45, which are effective for Fiscal Years 2007 and 2008, respectively, will require that the long-term cost of retirement health care and other postemployment benefits be determined on an actuarial basis and reported similar to pension plans. The GASB standards do not require the pre-funding of these postemployment benefits.

Note 13 - Commitments and Contingencies

A. Construction and Other Commitments

Outstanding commitments related to state infrastructure and facility construction, improvement, and/or renovation totaled $3.2 billion at June 30, 2006.

B. Summary of Significant Litigation

The state and its agencies are parties to numerous routine legal proceedings that normally occur in governmental operations. At any given point, there may be numerous lawsuits involving state agencies that could significantly impact expenditures. There is a recurring volume of tort and other claims for compensation and damages against the state and some specific state agencies, including the Departments of Transportation, Corrections, Social and Health Services, Revenue and the University of Washington. A significant portion of pending litigation relates to the implementation of specific state programs, and funds are reserved each biennium for handling this litigation.

Social and Health Services

Arc of Washington v. Braddock. Plaintiffs allege that Medicaid eligible developmentally disabled clients are not receiving adequate services in violation of Medicaid law and the Americans with Disabilities Act. Those plaintiffs have filed a related case in federal court entitled *Boyle v. Arnold Williams, et al*. A potential award based on the biennial cost of providing the services sought in these lawsuits was originally estimated at approximately $165 to $222 million. An intermediate ruling of the Ninth Circuit Court of Appeals, however, stated that plaintiffs had no right under the Americans with Disabilities Act to be placed on the State's Medicaid waiver program.

Braam v. State. This class action is pending in Whatcom County Superior Court. Plaintiff's damage claim was resolved through the Self Insured Liability Account. The injunctive relief portion of the case was tried and appealed on behalf of all foster children with three or more placements. The original verdict was set aside on

appeal and a new trial was ordered. As part of a pretrial mediated settlement the State agreed to supplement its child welfare reform plan in six areas identified in Plaintiff's complaint. A five member panel is overseeing these settlement activities**.** The panel's initial report setting forth benchmarks, professional standards, and action steps was released in late November 2005. The panel issued the first semi-annual monitoring report in March 2006, citing numerous deficiencies in meeting the established outcomes and benchmarks. The panel rejected the initial compliance plan submitted by the Children's Administration (CA). CA submitted a revised compliance plan in early September 2006, which was largely acceptable to the panel. CA still is working on two issues: reducing caseload sizes and having social workers visit children in out of home care on a monthly basis. The panel issued its second monitoring report in September. It also cited a number of potential deficiencies in meeting established outcomes and benchmarks. In late November, CA delivered its compliance plan in response to this monitoring report. If there were to be a court enforcement action, the fiscal impact would depend on the nature and extent of relief ordered. Based on projections made at the time the settlement agreement was entered in mid-2004, estimated additional program costs to implement the settlement and related systemic child welfare reforms was approximately $55 million.

Transportation

Foss Waterway Superfund Site. The State of Washington was named a potentially responsible party in 1990 for sediment contamination at the Foss Waterway in Tacoma. Seventy parties have assigned their claims against the State to three major utilities. The cleanup costs are estimated at approximately $20 million. The utilities have stated to Washington State Department of Transportation (WSDOT) that they intend to file their complaint in January 2007.

J. M. Martinac Shipbuilding Corporation v. WSDOT, et al. Martinac filed a $2.5 million lawsuit in King County Superior Court on October 23, 2006, against WSDOT, Douglas MacDonald, Secretary of Transportation, and other Washington State Ferries' (WSF) executives alleging, among other things, racketeering, fraud, and defamation claims related to WSF procurement of four new 144-auto ferry vessels. WSF removed the case to Federal District Court in Seattle on October 26, 2006. In addition to this lawsuit Martinac and Todd Shipyards, the only two bidders on the vessel project, each filed administrative protests on October 2, 2006. WSF denied both protests on November 6, 2006. Martinac filed a Petition for Review of WSF's protest decision with the Thurston County Superior Court on November 13, 2006. Todd Shipyards has chosen not to pursue its protest.

Lower Elwha Klallam Tribe, et al. v. WSDOT, et al. Plaintiff Tribe brought suit in Thurston County Superior Court alleging that the WSDOT and the State Department of Archaeology and Historic Preservation negligently disturbed a significant archaeology site during construction of a graving dock near Port Angeles. In August, WSDOT and the Tribe settled their case. As part of the settlement, WSDOT is required to complete some site remediation and pay cash to the Tribe. WSDOT paid $500,000 in October and will pay another $2 million when the remediation work is complete, likely in 2008. As part of the settlement concluded in August, the State, Port of Port Angeles, and the City of Port Angeles executed an agreement that is designed to replace and enhance the economic stimulus that would have been generated by the graving dock project. The agreement provides that the Governor's capital budget will include $15 million dollars to fund capital projects for the benefit of the Port and the City and $480,000 for archaeological purposes. Finally, the agreement includes a provision for potential state funding in the amount of $500,000 for business development in Clallam County. In November, WSDOT settled the cross-claims by Shotwell. That settlement requires WSDOT to pay $5,150 per month to resolve the trespass and inverse condemnation claims for the right to maintain the stockpile on that property.

U.S. v. Washington. In this federal court lawsuit, various Tribes seek significantly accelerated remediation schedules associated with eliminating or replacing existing transportation structures that block fish passage. The State has already identified over $200 million in remedial costs associated with the remediation of these structures. Absent litigation, WSDOT would address these costs over a 20 year period based on available resources. Additional costs are associated with repair of blocking culverts on forest roads under the control of state natural resource agencies. Trial is scheduled for June of 2007.

United States v. WSDOT & Southgate. This is a federal court action under federal environmental law seeking restitution to the U.S. Environmental Protection Agency (EPA) arising from remediation of a contaminated well field in Tumwater. EPA settled with Southgate Development Corporation. The EPA seeks the remaining $11 million plus prejudgment interest from WSDOT.

Personnel and Wage and Hour

Davis, Ben et al. v. DOT. This lawsuit involves 400 class members who are current or former employees of the Washington State Ferries. Plaintiffs work 12 hour shifts on seven day intervals. Oncoming crews relieve retiring crews during their shift so there is no gap between shifts. Plaintiffs rely on two different wage

recovery statutes, Department of Labor and Industries regulations and collective bargaining agreements, to seek additional compensation for the work performed during shift overlap periods. The plaintiffs prevailed at summary judgment. Appeals and oral argument will occur this winter. Plaintiffs claim approximately $8 million in damages and our estimate of damages is approximately $2 million.

Moore v HCA and State of Washington. This class action claims the state has misclassified employees to deny health benefits. This is a follow on case to *Mader v State* where similar claims were made for part-time community college instructors. *Moore* impacts any state agency that employed seasonal, part-time or on-call workers. The suit is pending in King County seeking compensatory damages, declaratory and injunctive relief and attorney fees and costs. Although difficult to predict at this time without more documentation, damages could exceed $15 million.

Washington Public Employees Association v. State; and, Shroll v. State. A consolidated class action suit brought on behalf of state employees in "common classes," general government agencies and higher education institutions under the jurisdiction of the Personnel Resources Board. Plaintiffs seek back pay and prospective wage adjustments to rectify alleged discrepancies between the highest and lowest salaries within the common class. Plaintiffs prevailed in the State Court of Appeals and the State has sought Supreme Court review. The state agreed to a settlement in principal in time for the 2006 Legislature to appropriate $21 million needed for the retrospective payments and $1 million for the first year of the prospective five year phase in plan. On October 20, 2006, the court approved the settlement. Retrospective payment was made to the third party administrator in November 2006.

Revenue

There is a recurring volume of lawsuits seeking refunds of taxes paid to the state. All are not reported here.

United States Tobacco Sales & Marketing Co., Inc. v. Department of Revenue. This appeal involves the valuation of tobacco product samples for purposes of the Other Tobacco Products (OTP) tax. Following a trial, the Thurston County Superior Court entered judgment largely in the taxpayer's favor. The Department appealed. Division II of the Court of Appeals reversed and remanded for a new trial, concluding that substantial evidence did not support the trial court's findings of fact. The Washington Supreme Court accepted the taxpayer's petition for discretionary review and heard oral argument on September 19, 2006. U.S. Tobacco is seeking approximately $6 million in refunds in this appeal and in administrative refund appeals pending before the Department Appeals Division. Moreover, other tobacco manufacturers have filed for administrative refunds with the Department. In total, approximately $87 million in OTP taxes is at risk in 51 appeals pending before the Appeals Division.

Washington State Farm Bureau Federation, et al. v. Gregoire. Plaintiffs in this action challenged the validity of revenue measures enacted by the 2005 Legislature, including sales and use tax on extended warranties, cigarettes and liquor, and a tax on the transfer of decedents' estates. The trial court ruled that the measure raised revenue for expenditure in excess of the general fund expenditure limit, and held the measure invalid for failure to comply with the voter approval requirement of Initiative 601. The trial court also concluded that curative legislation adopted in 2006 to clarify the expenditure limit could not be given effect. The State appealed. Plaintiffs cross appealed from the trial court's denial of their motion to compel discovery with regard to a series of emails from the Legislature and Office of Financial Management, which the trial court concluded were protected by the legislative and executive privileges. The Washington Supreme Court heard oral argument on November 28, 2006.

Education

School Districts' Alliance for Adequate Funding of Special Education, et al. v. State of Washington, et al. Plaintiffs challenge the Legislature's method and adequacy of funding for special education based on a flat, per capita rate per eligible student and the limitation of excess funding to 12.7 percent of the total district student population. Trial is completed, and a decision will be issued in the near future. Additional costs resulting from a ruling in plaintiffs' favor could be as much as $360 million per biennium.

General Government

ASARCO Bankruptcy. ASARCO filed for Chapter 11 bankruptcy on September 9, 2005. ASARCO's smelter operation in Tacoma/Ruston is a Superfund site under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The "Groundwater/Sediments Unit" of the Superfund site includes about 110 acres of state-owned aquatic land. The primary contaminants of aquatic lands are arsenic and copper. Under CERCLA, the State is also a Potentially Responsible Party (PRP) because it owns the contaminated property and the State could be responsible for much of the cost of clean up if ASARCO evades liability through bankruptcy. The U.S. Environmental Protection Agency (EPA) currently estimates the cost of clean up for the entire site at $22 million. The clean up of state-owned aquatic lands is estimated at $11 million.

Squaxin Tribe and Swinomish Tribe v. Stephens and Department of Licensing. In this case the Plaintiff Tribes seek a federal court injunction prohibiting the imposition of the state gas tax on gasoline sales at tribally owned gas stations. The Tribes rely primarily on various federal pre-emption theories to support their claim. The Federal District Court recently ruled that the incidence of the fuel tax was on the retailers, thus it cannot be imposed on Indian tribes for fuel delivered to, or sold by, tribal retailers. The state appealed the Federal Court ruling in March 2006. If upheld on appeal, this ruling for the two Plaintiff Tribes will likely reduce fuel tax revenues by at least $730,000 per year. A more significant impact on fuel tax revenues will follow if other Tribes seek similar exemptions based on this case. However, the parties have entered into new agreements, the effect of which will be to reduce the state revenues from fuel tax that was previously collected from retail sales on these two reservations from $672,000 to $168,000.

The estimated cumulative dollar loss directly to the state over a 16-year period (FY2007-2023) under the Court's decision is about $14.9 million. However, because of these agreements the state will get back $3.7 million of that figure, and the remainder will still be spent on transportation projects.

WEC v. Sutherland. This case involves judicial review of the adequacy of a Final Environmental Impact Statement (FEIS) for the Board of Natural Resources and Department of Natural Resources' (DNR) decision establishing a new sustainable harvest level for DNR-managed forested lands in Western Washington. This harvest level set in September 2004 would have averaged 597 MMBF/year (million board feet per year) over the 2005-2014 decade, estimated to result in net revenue of $151 million per year. The King County Superior Court found the FEIS to be inadequate. No final order has been entered as of this writing.

Should an order be entered and upheld consistent with the Judge's memorandum decision, the September 2004 harvest level for Western Washington would be invalidated and a revised EIS would need to be developed along with a new harvest level decision based on the revised EIS. The short-term impact of this decision will be to return harvest levels to the no-action alternative, which is estimated to result in net revenue of $121 million per year over the planning decade, or about $30 million less per year than the level set in 2004. The Department estimates it would take two years to prepare the needed additional environmental and economic analyses. The long-term impact will depend on any new harvest level decision.

Tort Cases and Claims

Thelma Taylor/Amanda Morgan-Hayes/Karen Peterson v. DOC. Plaintiffs, in three separate lawsuits, claim substantial damages because the Department of Corrections allegedly failed to properly assess and supervise offender Michael J. Braae. The case is stayed, with no trial date yet set. This case is significant because if the State is found liable for negligent supervision of Michael J. Braae the combined damages to his numerous victims will be substantial.

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 share of the settlement is expected to be in the range of $136 to $137.5 million in Fiscal Year 2007 and is subject to various offsets, reductions, and adjustments.

Early in 2006, a determination was made that disadvantages experienced as a result of participating in the MSA were a significant factor contributing to the market share loss by manufacturers. This determination related to 2003 sales data. Washington faces a potential "NPM adjustment" of between $0 and $130 million for the year 2003.

Washington and 37 other states each filed court actions seeking a declaration that they had diligently enforced their escrow statutes. In the Consent Decree, the King County superior Court retained jurisdiction to enforce and interpret the MSA as to Washington. The participating manufacturers oppose having the diligent enforcement issue decided by numerous state courts. They believe the issue is governed by an arbitration clause in the MSA that they claim requires a panel of arbitrators to decide, in a single national proceeding, whether individual states diligently enforced their own statutes.

The King County Superior Court heard Washington's motion and, in late September 2006, entered an order compelling arbitration and dismissing the state's action. The court's ruling was not entirely unexpected given that 18 other state courts had entered orders compelling arbitration and only one court, North Dakota, has agreed that the courts should determine the issue. Washington filed an appeal. A decision may not be issued before the next MSA payment is due in April 2007.

C. Federal Assistance

The state has received federal financial assistance for specific purposes that are generally subject to review or audit by the grantor agencies. Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the state. The state does estimate and recognize a claims and judgments liability 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.

D. 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. State agencies and universities responsible for investments from bond proceeds carefully monitor their investments to restrict earnings to a yield less than the bond issue, and therefore limit any state arbitrage liability. The state estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

E. Other Commitments and Contingencies

School Bond Guarantee Program

Washington voters passed a constitutional amendment in November 1999, creating the Washington State School Bond Guarantee Program. The program's purpose is to provide savings to state taxpayers by pledging the full faith and credit of the state of Washington to the full and timely payment of voter-approved school district general obligation bonds in the event a school district is unable to make a payment. The issuing school district remains responsible for the repayment of the bonds, including any payment the state makes under the guarantee.

The State Treasurer introduced the School Bond Guarantee Program in March 2000. At the end of Fiscal Year 2006, the state had guaranteed 185 school districts' voter-approved general obligation debt with a total outstanding principal of $5.8 billion. The state estimates that school bond guarantee liability, if any, will be immaterial to its overall financial condition.

Local Option Capital Asset Lending Program (LOCAL)

On September 1, 1998, the state lease-purchase program was extended to local governments seeking low cost financing of essential equipment. The 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 COP's do not constitute a debt or pledge of the 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, 2006, outstanding certificates of participation notes totaled $54.7 million for 193 local governments participating in LOCAL. The state estimates that LOCAL program liability, if any, will be immaterial to its overall financial condition.

Note 14 - Subsequent Events

A. Bond Issues

In August 2006, the state issued $333.2 million in Various Purpose General Obligation Bonds, Series 2007A, $176.1 million in Motor Vehicle Fuel Tax General Obligation Bonds, Series 2007B, and $71.9 million in General Obligation Taxable Bonds, Series 2007T.

In November 2006, the state issued $321.1 million in Various Purpose General Obligation Refunding Bonds, Series R-2007A, and $63.8 million in Motor Vehicle Fuel Tax General Obligation Refunding Bonds, Series R-2007B.

B. Certificates of Participation

In July 2006, the state issued $16.0 million in Certificates of Participation for various state and local government real estate purchases, Series 2006F.

In August 2006, the state issued $15.4 million in Certificates of Participation for a state real estate purchase, Series 2006G.

In September 2006, the state issued $5.6 million in Certificates of Participation for various state and local government equipment purchases, Series 2006H.

In November 2006, the state issued $16.5 million in Certificates of Participation for a state real estate purchase, Series 2006I.

In December 2006, the state plans to issue $8.2 million in Certificates of Participation for various state and local government equipment and real estate purchases, Series 2006J.

Required Supplementary Information

Budgetary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2006
(expressed in thousands)

	General Fund			
	Original Budget 2005-07 Biennium	Final Budget 2005-07 Biennium	Actual 2005-07 Biennium	Variance with Final Budget
Budgetary fund balance, July 1	$ 869,659	$ 869,659	$ 869,659	$ -
Resources:				
Taxes	24,760,740	26,005,932	13,136,704	(12,869,228)
Licenses, permits, and fees	157,669	165,138	84,935	(80,203)
Other contracts and grants	246,203	233,210	112,780	(120,430)
Timber sales	6,485	6,492	2,823	(3,669)
Federal grants-in-aid	11,272,200	11,671,242	5,440,943	(6,230,299)
Charges for services	96,035	111,589	51,070	(60,519)
Interest income	85,659	137,689	70,731	(66,958)
Miscellaneous revenue	91,786	89,539	50,022	(39,517)
Escheated property	-	-	51,901	51,901
Transfers from other funds	427,316	384,276	244,783	(139,493)
Total Resources	38,013,752	39,674,766	20,116,351	(19,558,415)
Charges to appropriations:				
General government	2,687,901	3,616,639	2,147,114	1,469,525
Human services	18,937,160	19,221,819	9,172,444	10,049,375
Natural resources and recreation	582,257	606,137	268,298	337,839
Transportation	75,415	79,055	41,469	37,586
Education	15,270,796	15,554,633	7,552,357	8,002,276
Capital outlays	241,483	251,598	50,588	201,010
Transfers to other funds	119,429	109,548	122,652	(13,104)
Total Charges to appropriations	37,914,441	39,439,429	19,354,922	20,084,507
Excess available for appropriation Over (Under) charges to appropriations	99,311	235,337	761,429	526,092
Reconciling Items:				
Changes in reserves (net)	-	-	(75,579)	(75,579)
Entity adjustments (net)	-	-	12,915	12,915
Total Reconciling Items	-	-	(62,664)	(62,664)
Budgetary Fund Balance, June 30	$ 99,311	$ 235,337	$ 698,765	$ 463,428

Budgetary Information

Budgetary Comparison Schedule

Budget to GAAP Reconciliation

General Fund

For the Fiscal Year Ended June 30, 2006
(expressed in thousands)

	General Fund
Sources/inflows of resources	
Actual amounts (budgetary basis) "Total Resources" from the Budgetary Comparison Schedule	$ 20,116,351
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(244,783)
Budgetary fund balance at the beginning of the year	(869,659)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash commodities and electronic food stamp benefits	658,779
Unanticipated receipts	16,320
Noncash revenues	12,917
Revenues collected for other governments	29,924
Total revenues (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 19,719,849

Uses/outflows of resources	
Actual amounts (budgetary basis) "Total Charges to Appropriations" from the Budgetary Comparison Schedule.	$ 19,354,922
Differences - budget to GAAP:	
Budgeted expenditure transfers are recorded as expenditures in the budget statement but are recorded as other financing source (use) for financial reporting purposes.	(1,699,493)
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes.	
Transfers to other funds	(122,652)
Loan disbursements	(3,400)
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	658,779
Expenditures related to unanticipated receipts	16,320
Capital lease acquisitions	17,252
Distributions to other governments	29,924
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 18,251,652

Budgetary Information

Notes to Required Supplementary Information

General Budgetary Policies and Procedures

The Governor is required to submit a budget to the state 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 schedules are 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 schedules extremely cumbersome. Section 2400.121 of the GASB 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 2005-07 Biennium to illustrate legal budgetary compliance. Appropriated budget versus actual expenditures, and estimated versus actual revenues and other financing sources (uses) for appropriated funds at agency and appropriation level are presented in Report CAF1054 for governmental funds. A copy of this report is available at the Office of Financial Management, 6639 Capitol Boulevard, PO Box 43113, Olympia, Washington 98504-3113.

Legislative appropriations are strict legal limits on expenditures/expenses, and overexpenditures are prohibited. All appropriated and certain nonappropriated funds are further controlled by the executive branch through the allotment process. This process allocates the expenditure/expense plan into monthly allotments by program, source of funds, and object of expenditure. According to statute RCW 43.88.110(2), except under limited circumstances, the original allotments are approved by the Governor and may be revised on a quarterly basis and must be accompanied by an explanation of the reasons for significant changes. Because allotments are not the strict legal limit on expenditures/expenses, the budgetary schedules presented as required supplementary information (RSI) are shown on an appropriation versus actual comparison rather than an allotment versus actual comparison.

Proprietary funds typically earn revenues and incur expenses (i.e., depreciation or budgeted asset purchases) not covered by the allotment process. Budget estimates are generally made outside the allotment process according to prepared business plans. These proprietary fund 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 make expenditure/expense allotments based on availability of unanticipated receipts, mainly federal government grant increases made during a fiscal year. State law does not preclude the over expenditure of allotments, although RCW 43.88.110(3) requires that the Legislature be provided an explanation of major variances.

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 reservations of fund balance.

Budgetary Reporting versus GAAP Reporting

Governmental funds are budgeted materially in conformance with GAAP. 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 fixed 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.

Additionally, certain governmental activities are excluded from the budgetary schedules because they are not appropriated. These activities include: activities designated as nonappropriated by the Legislature, such as the Higher Education Special Revenue Fund, Higher Education Endowment Fund, Tobacco Settlement Securitization Bond Debt Service Fund, federal surplus food commodities, electronic food stamp benefits, capital leases, note proceeds, and resources collected and distributed to other governments.

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. The factors contributing to the differences between the Budgetary Comparison Schedule and the Statement of Revenues, Expenditures, and Changes in Fund Balance are noted in the previous Budget to GAAP reconciliation.

Budgetary Fund Balance includes the following as reported on the Governmental Funds Balance Sheet: Unreserved, undesignated fund balance; and Reserved for encumbrances.

Pension Plan Information

Public Employees' Retirement System - Plan 1

Schedule of Funding Progress

Valuation Years 2005 through 2000 (dollars in millions)

	2005	2004	2003	2002	2001	2000
Actuarial Valuation Date	9/30/2005	9/30/2004	9/30/2003	9/30/2002	9/30/2001	12/31/2000
Actuarial Value of Plan Assets	$ 9,707	$ 9,928	$ 10,227	$ 10,757	$ 10,990	$ 11,111
Actuarial Accrued Liability	13,704	12,855	12,692	12,560	12,088	11,695
Unfunded Actuarial Liability	3,997	2,927	2,465	1,803	1,098	584
Percentage Funded	71%	77%	81%	86%	91%	95%
Covered Payroll	786	863	945	1,023	1,085	1,132
Unfunded Actuarial Liability as a Percentage of Covered Payroll	509%	339%	261%	176%	101%	52%

Source: Washington State Office of the State Actuary

Teachers' Retirement System - Plan 1

Schedule of Funding Progress

Valuation Years 2005 through 2000 (dollars in millions)

	2005	2004	2003	2002	2001	2000
Actuarial Valuation Date	9/30/2005	9/30/2004	9/30/2003	9/30/2002	9/30/2001	6/30/2000
Actuarial Value of Plan Assets	$ 8,450	$ 8,728	$ 9,086	$ 9,365	$ 9,342	$ 9,372
Actuarial Accrued Liability	10,894	10,401	10,325	10,235	9,895	9,566
Unfunded Actuarial Liability	2,444	1,673	1,239	869	553	194
Percentage Funded	78%	84%	88%	91%	94%	98%
Covered Payroll	546	616	692	741	800	957
Unfunded Actuarial Liability as a Percentage of Covered Payroll	448%	272%	179%	117%	69%	20%

Source: Washington State Office of the State Actuary

Pension Plan Information

Law Enforcement Officers' and Fire Fighters' Retirement System- Plan 1

Schedule of Funding Progress

Valuation Years 2005 through 2000 (dollars in millions)

	2005	2004	2003	2002	2001	2000
Actuarial Valuation Date	9/30/2005	9/30/2004	9/30/2003	9/30/2002	9/30/2001	12/31/2000
Actuarial Value of Plan Assets	$ 4,800	$ 4,666	$ 4,803	$ 5,095	$ 5,369	$ 5,440
Actuarial Accrued Liability	4,243	4,266	4,275	4,259	4,153	4,002
Unfunded (Assets in Excess of)						
Actuarial Liability	(557)	(400)	(528)	(836)	(1,216)	(1,438)
Percentage Funded	113%	109%	112%	120%	129%	136%
Covered Payroll	56	64	71	80	87	95
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

Source: Washington State Office of the State Actuary

Judicial Retirement System

Schedule of Funding Progress

Valuation Years 2005 through 2000 (dollars in millions)

	2005	2004	2003	2002	2001	2000
Actuarial Valuation Date	9/30/2005	9/30/2004	9/30/2003	9/30/2002	9/30/2001	12/31/2000
Actuarial Value of Plan Assets	$ 2	$ 4	$ 6	$ 8	$ 10	$ 10
Actuarial Accrued Liability	89	89	91	92	92	93
Unfunded Actuarial Liability	87	85	85	84	82	83
Percentage Funded	2%	4%	7%	9%	11%	11%
Covered Payroll	1.7	2.4	2.6	3.0	3.0	4.0
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	5118%	3542%	3269%	2800%	2733%	2075%

Source: Washington State Office of the State Actuary

Pension Plan Information

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

Schedule of Funding Progress

Valuation Years 2005 through 2000 (dollars in millions)

	2005	2004	2003	2002	2001	2000
Actuarial Valuation Date	12/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001	12/31/2000
Actuarial Value of Plan Assets	$ 127	$ 120	$ 120	$ 124	$ 129	$ 126
Actuarial Accrued Liability*	140	115	112	110	99	96
Unfunded (Assets in Excess of)						
Actuarial Liability	13	(5)	(8)	(14)	(30)	(30)
Percentage Funded	91%	104%	107%	113%	130%	131%
Covered Payroll**	N/A	N/A	N/A	N/A	N/A	N/A
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

* Pension plan liability only - excludes Relief benefits.

**Covered Payroll is not presented because it is not applicable since this is a volunteer organization.

Source: Washington State Office of the State Actuary

Judges' Retirement Fund

Schedule of Funding Progress

Valuation Years 2005 through 2000 (dollars in millions)

	2005	2004	2003	2002	2001	2000
Actuarial Valuation Date	9/30/2005	9/30/2004	9/30/2003	9/30/2002	9/30/2001	12/31/2000
Actuarial Value of Plan Assets	$ 4.2	$ 4.4	$ 4.5	$ 4.7	$ 4.9	$ 4.7
Actuarial Accrued Liability	4.5	4.7	5.2	5.5	6.0	6.1
Unfunded Actuarial Liability	0.3	0.3	0.7	0.8	1.1	1.4
Percentage Funded	93%	94%	87%	85%	82%	77%
Covered Payroll	0.0	0.0	0.0	0.1	0.1	0.1
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	N/A	N/A	N/A	800%	1100%	1400%

Source: Washington State Office of the State Actuary

Pension Plan Information

Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2006 through 2001
(expressed in millions)

	2006	2005	2004	2003	2002	2001
Public Employees' Retirement Plan System - Plan 1						
Employers' Annual Required Contribution	$ 438.5	$ 340.3	$ 295.1	$ 228.9	$ 164.3	$ 118.8
Employers' Actual Contribution	29.6	22.4	22.8	56.6	68.6	181.7
Percentage Contributed	7%	7%	8%	25%	42%	153%
Public Employees' Retirement Plan System - Plan 2/3						
Employers' Annual Required Contribution	$ 307.6	$ 227.7	$ 192.6	$ 141.7	$ 72.0	$ 55.6
Employers' Actual Contribution	149.6	74.7	69.4	38.2	51.0	115.0
Percentage Contributed	49%	33%	36%	27%	71%	207%
Teachers' Retirement System - Plan 1						
Employers' Annual Required Contribution	$ 287.5	$ 224.3	$ 185.7	$ 153.4	$ 119.8	$ 90.6
Employers' Actual Contribution	15.1	8.8	11.4	20.4	59.5	141.3
Percentage Contributed	5%	4%	6%	13%	50%	156%
Teachers' Retirement System - Plan 2/3						
Employers' Annual Required Contribution	$ 166.4	$ 117.4	$ 96.2	$ 79.5	$ 66.7	$ 40.4
Employers' Actual Contribution	75.4	33.8	29.9	18.2	46.4	69.6
Percentage Contributed	45%	29%	31%	23%	70%	172%
School Employees' Retirement System - Plan 2/3						
Employers' Annual Required Contribution	$ 81.4	$ 64.0	$ 52.3	$ 44.2	$ 19.5	$ 6.7
Employers' Actual Contribution	30.4	10.2	9.1	6.2	11.3	19.9
Percentage Contributed	37%	16%	17%	14%	58%	297%

Source: Washington State Office of the State Actuary

The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from that used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation), and different actuarial cost methods. For these reasons the actual contributions will not match the Annual Required Contributions.

Pension Plan Information

Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2006 through 2001
(expressed in millions)

	2006	2005	2004	2003	2002	2001
Law Enforcement Officers' and Fire Fighters' Retirement System - Plan 1						
Employers' Annual Required Contribution	$ -	$ -	$ -	$ -	$ -	$ -
Employers' Actual Contribution	0.1	-	-	0.1	0.1	0.1
Percentage Contributed	N/A	N/A	N/A	N/A	N/A	N/A
State Annual Required Contribution	-	-	-	-	-	-
State Actual Contribution	-	-	-	-	-	-
Percentage Contributed	N/A	N/A	N/A	N/A	N/A	N/A
Law Enforcement Officers' and Fire Fighters' Retirement System - Plan 2						
Employers' Annual Required Contribution	$ 60.8	$ 48.5	$ 41.5	$ 34.1	$ 26.2	$ 20.3
Employers' Actual Contribution	48.5	32.8	30.8	25.6	24.0	31.5
Percentage Contributed	80%	68%	74%	75%	92%	155%
State Annual Required Contribution	40.5	32.3	27.7	22.7	17.5	13.5
State Actual Contribution	31.7	21.3	20.2	16.4	15.6	20.9
Percentage Contributed	78%	66%	73%	72%	89%	155%
Washington State Patrol Retirement System						
Employers' Annual Required Contribution	$ 6.1	$ 3.4	$ 2.6	$ -	$ -	$ -
Employers' Actual Contribution	3.1	-	-	-	-	-
Percentage Contributed	51%	0%	0%	N/A	N/A	N/A

N/A indicates data not available.

Source: Washington State Office of the State Actuary

The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from that used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation), and different actuarial cost methods. For these reasons the actual contributions will not match the Annual Required Contributions.

Pension Plan Information

Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2006 through 2001
(expressed in millions)

	2006	2005	2004	2003	2002	2001
Judicial Retirement System						
Employers' Annual Required Contribution	$ 27.7	$ 21.7	$ 18.5	$ 16.2	$ 14.2	$ 13.3
Employers' Actual Contribution	6.7	6.2	6.2	6.2	6.2	7.3
Percentage Contributed	24%	29%	34%	38%	44%	55%
Judges' Retirement Fund						
Employers' Annual Required Contribution	$ 0.1	$ 0.1	$ 0.2	$ 0.1	$ 0.2	$ 0.2
Employers' Actual Contribution	0.3	0.5	0.5	0.3	0.3	0.8
Percentage Contributed	300%	500%	250%	300%	150%	400%
Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund						
Employers' Annual Required Contribution	$ 1.0	$ 0.7	$ 0.8	$ 0.8	$ 0.8	$ 0.7
Employers' Actual Contribution	1.0	0.7	0.8	0.8	0.8	0.7
Percentage Contributed	100%	100%	100%	100%	100%	100%
State Annual Required Contribution	3.6	1.8	1.5	0.7	-	-
State Actual Contribution	4.6	4.4	4.4	3.3	3.3	3.3
Percentage Contributed	128%	244%	293%	471%	N/A	N/A

N/A indicates data not available.

Source: Washington State Office of the State Actuary

The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from that used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation), and different actuarial cost methods. For these reasons the actual contributions will not match the Annual Required Contributions.

Pension Plan Information

Notes to the Required Supplementary Information
Defined Benefit Pension Plans

For the Fiscal Year Ended June 30, 2006

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated below. Additional information as of the latest valuation follows.

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Valuation Date	9/30/2005	9/30/2005	9/30/2005	9/30/2005
Actuarial Cost Method	frozen initial liability[1]	aggregate[2]	frozen initial liability[1]	aggregate[2]
Amortization Method				
Funding	level %[3]	n/a	level %[3]	n/a
GASB	level $	n/a	level $	n/a
Remaining amortization period (closed)	7/1/07-6/30/24	n/a	9/1/07-6/30/24	n/a
Asset valuation method	8-year graded smoothed fair value[4]	8-year graded smoothed fair value[4]	8-year graded smoothed fair value[4]	8-year graded smoothed fair value[4]
Actuarial assumptions:				
Investment Rate of Return	8.00%	8.00%	8.00%	8.00%
Projected Salary Increases				
Salary Inflation at 4.5%, plus the merit increases described below:				
initial salary merit (grades down to 0%)	6.1%	6.1%	6.2%	6.2%
merit period (years of service)	17 yrs	17 yrs	17 yrs	17 yrs
Includes inflation at		3.50%		3.50%
Cost of living adjustments	Uniform COLA[5] Gainsharing COLA[5]	CPI increase, maximum 3%	Uniform COLA[5] Gainsharing COLA[5]	CPI increase, maximum 3%

N/A indicates data not applicable.

1 Based on a variation of the Frozen Initial Liability (FIL) cost method.

2 The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities.

3 Level percent of payroll, including system growth.

4 Asset Valuation Method (8 year smoothed fair value): The actuarial value of assets is calculated under an adjusted market value method by starting with the market value of assets. For subsequent years the actuarial value of assets is determined by adjusting the market value of assets to reflect the difference between the actual investment return and the expected investment return during each of the last 8 years or, if fewer, the completed years since adoption, at the following rates per year (annual recognition):

Annual Gain/Loss			Annual Gain/Loss		
Rate of Return	Smoothing Period	Annual Recognition	Rate of Return	Smoothing Period	Annual Recognition
15% and up	8 years	12.50%	6-7%	2 years	50.00%
14-15%	7 years	14.29%	5-6%	3 years	33.33%
13-14%	6 years	16.67%	4-5%	4 years	25.00%
12-13%	5 years	20.00%	3-4%	5 years	20.00%
11-12%	4 years	25.00%	2-3%	6 years	16.67%
10-11%	3 years	33.33%	1-2%	7 years	14.29%
9-10%	2 years	50.00%	1% and lower	8 years	12.50%
7-9%	1 year	100.00%			

The actuarial value of assets is subject to a 30% market value corridor, so it will lie between 70% and 130% of the market value of assets.

SERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2	VFFRPF
9/30/2005	9/30/2005	9/30/2005	12/31/2005
aggregate[2]	frozen initial liability[1]	aggregate[2]	entry age
n/a	level %[3]	n/a	level $
n/a	level $	n/a	level $
n/a	7/1/07-6/30/24	n/a	12/31/2017
8-year graded smoothed fair value[4]	8-year graded smoothed fair value[4]	8-year graded smoothed fair value[4]	4-year smoothed fair value
8.00%	8.00%	8.00%	8.00%
7.0%	11.7%	11.7%	n/a
17 yrs	21 yrs	21 yrs	
3.50% CPI increase, maximum 3%	3.50% CPI increase	3.50% CPI increase, maximum 3%	n/a none

5 The Uniform COLA and Gainsharing COLA

Generally, all retirees over age 66 receive an increase in their monthly benefit at least once a year. The Gainsharing COLA is added every even-numbered year if certain extraordinary investment gains are achieved. The Uniform COLA amount is calculated as the last Uniform COLA amount plus any Gainsharing COLA amount, all increased by 3%.

Date	Prior Uniform COLA	+ Gainsharing COLA	X 1.03	= Uniform COLA
7/1/2002	$1.11	0.00		$1.14
7/1/2003	$1.14	0.00		$1.18
7/1/2004	$1.18	0.00		$1.21
7/1/2005	$1.21	0.00		$1.25
7/1/2006	$1.25	0.00		$1.29

Information about Infrastructure Assets Reported Using the Modified Approach

Condition Assessment

The state's highway system is divided into three main categories: pavement, bridges and rest areas. Condition information about each as well as the state's emergency airfields follows.

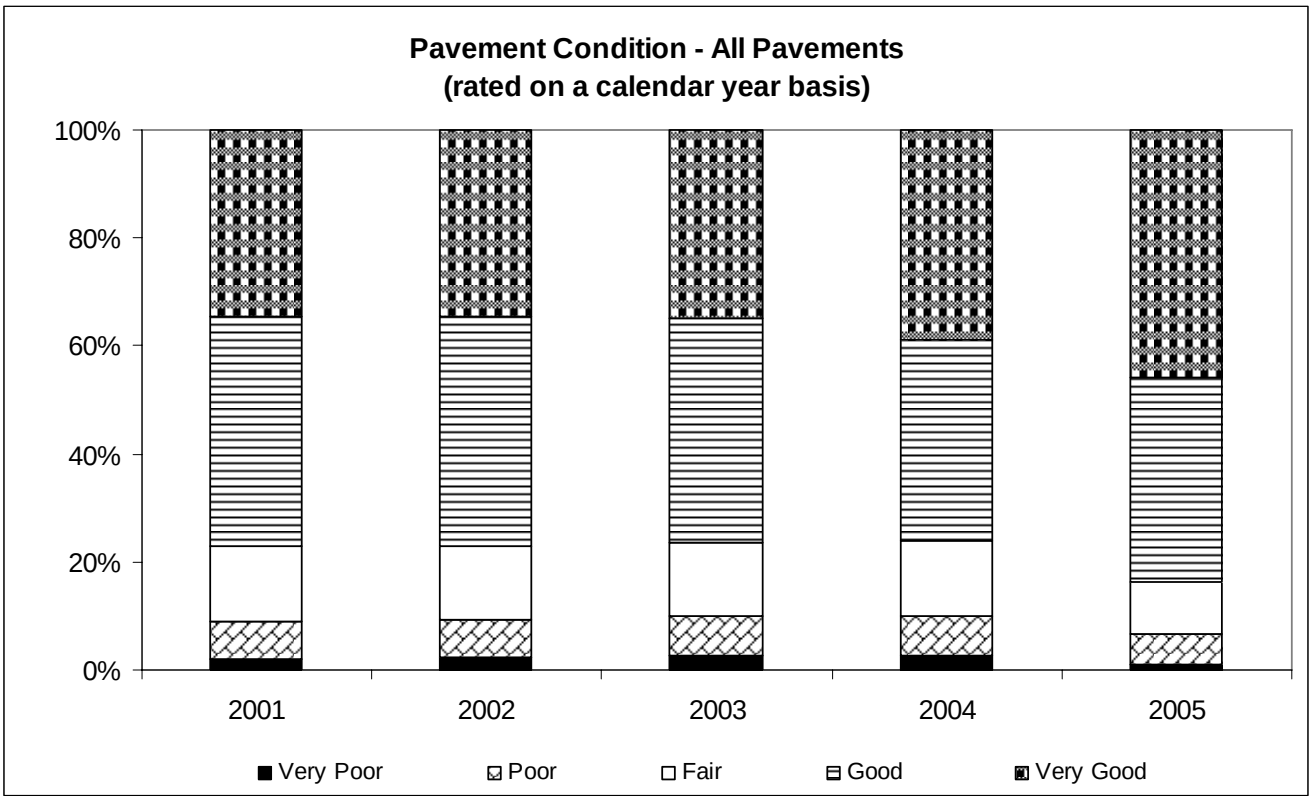
Pavement Condition

The Washington State Department of Transportation (WSDOT) owns and maintains 20,099 lane miles of highway, including ramps, collectors and special use lanes. Special use lanes include High Occupancy Vehicle (HOV), climbing, chain-up, holding, slow vehicle turnout, two-way turn, weaving/speed change, bicycle, transit, truck climbing shoulder, turn and acceleration lanes. Special use and ramp/collector lane miles make up 1,736 of the total lane miles.

WSDOT has been rating pavement condition since 1969. Pavement rated in *good* condition is smooth and has few defects. Pavement in *poor* condition is characterized by cracking, patching, roughness and rutting. Pavement condition is rated using three factors: Pavement Structural Condition (PSC), International Roughness Index (IRI), and Rutting.

In 1993 the Legislature required WSDOT to rehabilitate pavements at the Lowest Life Cycle Cost (LLCC), which has been determined to occur at a PSC range between 40 and 60, or when triggers for roughness or rutting are met. The trend over the last five years has shown that the percentage of pavements in poor or very poor condition has remained fairly stable at 9 to 10 percent with a slight improvement to 7 percent in 2005. WSDOT uses LLCC analysis to manage its pavement preservation program. The principles behind LLCC are basic – if rehabilitation is done too early, pavement life is wasted; if rehabilitation is done too late, very costly repair work may be required, especially if the underlying structure is compromised. WSDOT continually looks for ways to best strike the balance between these two basic principles.

While the goal for pavements is zero miles in 'poor' condition, marginally good pavements may deteriorate into poor condition during the lag time between assessment and actual rehabilitation. As a result, a small percentage of marginally good pavements will move into the 'poor' condition category for any given assessment period.



The Department of Transportation manages state highways targeting the LLCC per the Pavement Management System due date. While the department has a long-term goal of no pavements in poor condition (a pavement condition index less than 40, on a 100 point scale), the current policy is to maintain 90 percent of all highway pavement types at a pavement condition index of 40 or better with no more than 10 percent of its highways at a pavement condition below 40. The most recent assessment found that state highways were within the prescribed parameters with only seven percent of all pavement types with a pavement condition index below 40.

WSDOT uses the following scale for Pavement Structural Condition (PSC):

Category	PSC Range	Description
Very Good	80 – 100	Little or no distress. Example: Flexible pavement with 5% of wheel track length having "hairline" severity alligator cracking will have a PSC of 80.
Good	60 - 80	Early stage deterioration. Example: Flexible pavement with 15% of wheel track length having "hairline" alligator cracking will have a PSC of 70.
Fair	40 - 60	This is the threshold value for rehabilitation. Example: Flexible pavement with 25% of wheel track length having "hairline" alligator cracking will have a PSC of 50.
Poor	20 - 40	Structural deterioration. Example: Flexible pavement with 25% of wheel track length having "medium (spalled)" severity alligator cracking will have a PSC of 30.
Very Poor	0 - 20	Advanced structural deterioration. Example: Flexible pavement with 40% of wheel track length having "medium (spalled)" severity alligator cracking will have a PSC of 10. May require extensive repair and thicker overlays.

The PSC is a measure based on distresses such as cracking and patching, which are related to the pavement's ability to carry loads. Pavements develop structural deficiencies due to truck traffic and cold weather. WSDOT attempts to program rehabilitation for pavement segments when they are projected to reach a PSC of 50. A PSC of 50 can occur due to various amounts and severity of distress. For rigid pavements (such as Portland cement concrete), a PSC of 50 represents 50 percent of the concrete slabs exhibiting joint faulting with a severity of 1/8 to 1/4 inch (faulting is the elevation difference at slab joints and results in a rough ride – particularly in large trucks). Further, a PSC of 50 can also be obtained if 25 percent of concrete slabs exhibit two to three cracks per panel.

The International Roughness Index (IRI) uses a scale in inches per mile. WSDOT considers pavements with a ride performance measures greater than 220 inches per mile to be in poor condition. For example, new asphalt overlays typically have ride values below 75 inches per mile, which is very smooth.

Rutting is measured in millimeters: a pavement with more than 12 millimeters of rutting is considered in poor condition. The three indices (PSC, IRI, and Rutting) are combined to rate a section of pavement, which is assigned the lowest category of any of the three ratings.

The following table shows the combined explanatory categories and the ratings for each index.

Category	PSC	IRI	Rutting
Very Good	100 – 80	< 95	< 4
Good	80 – 60	95 – 170	4 – 8
Fair	60 – 40	170 – 220	8 – 12
Poor	40 – 20	220 – 320	12 – 16
Very Poor	0 – 20	> 320	> 16

Since 1999, WSDOT has used an automated pavement distress survey procedure. In the automated survey, high-resolution video images are collected at highway speed and these video images are then rated on special workstations at 3-6 mph speed. This change has also resulted in a more detailed classification and recording of various distresses that are rated.

Pavement condition surveys are generally conducted in the fall of each year and analyzed during the winter and spring, with the previous year's results available in July each year. In 2005, WSDOT rated pavement condition on 17,779 of the 20,099 lane miles of highway. The chart on the following page shows recent pavement condition ratings for the State Highway System, using the combination of the three indices described above.

Percentage of Pavement in Fair or Better Condition	2005*	2004*	2003*	2002*	2001*
Statewide - Chip Seals	91	86	86	89	89
Statewide - Asphalt	95	92	91	91	92
Statewide - Concrete	91	85	93	92	92
Statewide - All Pavements	93	90	90	91	91

Percentage of Pavement in Poor or Very Poor Condition	2005*	2004*	2003*	2002*	2001*
Statewide - Chip Seals	9	14	14	11	11
Statewide - Asphalt	5	8	9	9	8
Statewide - Concrete	9	15	7	8	8
Statewide - All Pavements	7	10	10	9	9

* Calendar year data. Assessments are typically made in the summer and fall of each year, and processed during the winter and spring, with final results released in July. Years indicated are when the physical assessment was done in the summer and fall.

Note: The All Pavements percentages are calculated from total database averages, not a statistical average of the three pavement type percentages. Numbers are rounded to full percentage points. IRI or rutting is not used for sections identified as under construction in rating distress.

More information about pavement management at the Department of Transportation may be obtained at:
http://www.wsdot.wa.gov/biz/mats/pavement/

Bridge Condition

During Fiscal Year 2006 there were 3,088 state-owned vehicular structures over 20 feet in length with a total area of 43,933,923 square feet. In addition to bridges, the 3,088 structures include 84 culverts and 31 ferry terminal structures (while ferry terminals are included in a depreciable asset category, they are included here with bridge condition information since they are evaluated by the WSDOT Bridge Office on a periodic basis). All bridges are inspected on a two to four year interval, with no more than 10 percent of the bridges inspected less than every three years. Divers inspect underwater bridge components at least once every five years in accordance with Federal Highway Administration requirements. Special emphasis is given to the ongoing inspection and maintenance of major bridges representing a significant public investment due to size, complexity or strategic location. Information related to public bridges is maintained in the Washington State Bridge Inventory System (WSBIS). This system is used to develop preservation strategies and comprehensive recommendations for maintenance and construction, and for reporting to the Federal Highway Administration (FHWA).

WSDOT's policy is to maintain 95 percent of its bridges at a structural condition of at least fair, meaning that all primary structural elements are sound. The most recent assessment found that state-owned bridges were within the prescribed parameters with 97.5 percent having a condition rating of fair or better and only 2.5 percent of bridges having a condition rating of poor. Bridges rated as poor may have structural deficiencies that restrict the weight and type of traffic allowed. No bridges that are currently rated as poor are unsafe for public travel. Any bridges determined to be unsafe are closed to traffic. WSDOT had no closed bridges at June 30, 2006.

WSDOT's Bridge Seismic Retrofit Program prioritizes state bridges for seismic retrofit, and performs these retrofits as funding permits. Retrofit priorities are based on seismic risk of a site, structural detail deficiencies, and route importance. The Seismic Retrofit Program includes 920 bridges that have been classified as needing retrofitting. From 1991 to the end of June 2006, WSDOT has fully or partially retrofitted 358 bridges. Of those, 195 are completely retrofitted, 163 are partially retrofitted. There are also 15 bridges under contract to be retrofitted.

The following condition rating data is based on the structural sufficiency standards established in the FHWA "Recording and Coding Guide for the Structural Inventory and Appraisal of the Nation's Bridges." This structural rating relates to the evaluation of bridge superstructure, deck, substructure, structural adequacy and waterway adequacy. Three categories of condition were established in relation to the FHWA criteria as follows:

Category	National Bridge Inventory Code	Description
Good	6, 7, or 8	A range from no problems noted to some minor deterioration of structural elements.
Fair	5	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.

Note: Bridges rated in poor condition may be restricted for the weight and type of traffic allowed.

Condition Rating of Washington State Department of Transportation's Bridges

Percentage of Bridges in Fair or Better Condition					
Bridge Type	**2006**	**2005**	**2004**	**2003**	**2002**
Reinforced Concrete (1,298 bridges in FY 2006)	98.6	98.6	98	98	97
Prestressed Concrete (1,299 bridges in FY2006)	99.4	99.5	99.5	99.5	99.5
Steel (351 bridges* in FY 2006)	94.1	94.3	93	93	92
Timber (62 bridges in FY 2006)	68.1	69.2	70	69	70
Statewide - All Bridges (3,010 out of 3,088 bridges in FY 2006)	97.5	97.6	97.4	97	96.7

Percentage of Bridges in Poor Condition					
Bridge Type	**2006**	**2005**	**2004**	**2003**	**2002**
Reinforced Concrete (18 bridges in FY 2006)	1.4	1.4	2	2	3
Prestressed Concrete (9 bridges in FY 2006)	0.7	0.5	0.5	0.5	0.5
Steel (22 bridges* in FY 2006)	5.9	5.7	6.5	7	8
Timber (29 bridges in FY 2006)	31.9	30.8	30	31	30
Statewide - All Bridges (78 out of 3,088 bridges in FY 2006)	2.5	2.4	2.6	3	3.3

*****The steel bridge ratings for FY2006 include 28 ferry terminal structures rated as fair or better and three ferry terminal structures rated as poor.

Note: Bridges rated as poor may have structural deficiencies that restricted the weight and type of traffic allowed. WSDOT currently has 13 posted bridges and 141 restricted bridges. Posted bridges have signs posted which inform of legal weight limits. Restricted bridges are those where overweight permits will not be issued for travel by overweight vehicles. Refer to http://www.wsdot.wa.gov/commercialvehicle/bridgelist.cfm. for more information. Any bridges determined to be unsafe are closed to traffic. WSDOT had no closed bridges as of June 30, 2006.

Additional information regarding the Department of Transportation's bridge inspection program may be obtained at: http://www.wsdot.wa.gov/eesc/bridge/index.cfm

Safety Rest Area Condition

The Washington State Department of Transportation (WSDOT) owns, operates, and maintains 42 developed safety rest area (SRA) facilities. Within these facilities, the department manages the following assets: 83 buildings, 566 acres, 29 on-site public drinking water systems, 36 on-site sewage pre-treatment/treatment systems, and 19 recreational vehicle sanitary disposal facilities.

In 2005 WSDOT performed the second round of SRA building and site condition assessments to determine the facility deficiencies. This biennial process, which began in 2003, helps prioritize renovation and replacement projects. Sites and buildings are divided into functional components that are assessed with a numerical rating of 1 to 5 based on guideline criteria (1 meets current standards, 5 is poor). In addition, a weighting multiplier is applied based on the criticality of the individual component. For instance, a safety deficiency adds a weighting multiplier of 10 while a department image deficiency has a weighting multiplier of two. The combined total building and site ratings are used to determine each facility's overall condition, and fall into one of five categories.

WSDOT SRA condition assessment rating parameters are not based on other state or national guidelines for safety rest areas. The model used is based on the capital facility program software already in use, with minor modifications to the rating parameters to better match the unique needs of SRA facilities.

The SRA Program goal is to have no more than 5 percent of the facilities rated Poor.

	2003	2005
Percentage of facilities in Fair or Good condition	95	95
Percentage of facilities in Poor condition	5	5

Category	Definition	Number of Safety Rest Areas in Category
Good Condition	Facility is new construction and/or meets current standards.	11
Fair-High Condition	Facility meets current standards and/or is in adequate condition with minimal component deficiencies.	2
Fair-Mid Condition	Facility is functional, and in adequate condition with minor component deficiencies.	9
Fair-Low Condition	Facility has multiple system deficiencies.	18
Poor	Facility is at or beyond its service life, with multiple major deficiencies.	2

Emergency Air Field Condition

The Washington State Department of Transportation (WSDOT), through its Aviation Division is authorized by RCW 47.68.100 to acquire and maintain airports.

Under this authority, WSDOT owns eight emergency airfields and leases several others. Most of the airfields are located near or adjacent to state highways and range in character from paved to gravel or turf. The primary purpose for the airports is to provide emergency facilities in remote locations. They serve as landing sites for medical evacuations, forest firefighting operations, and search and rescue. In addition, they allow access to local communities and recreation areas. Two airfields are in operational condition 12 months of the year, with five operational from June to October each year. One is only available for emergency search and rescue use. In accordance with WSDOT policy, maintenance is done on each airfield annually to keep it at its existing condition of use. Each airfield is inspected a minimum of three times per year.

The definitions below form the rating criteria for the current airfield condition ratings that follow.

Category	Definition
General Use Community Airport	An airport with a paved runway capable of handling aircraft with a maximum gross certificated takeoff weight of 12,500 pounds.
Limited Use Community Airport	An airport with an unpaved runway capable of handling aircraft with a maximum gross certificated takeoff weight of 12,500 pounds.
General Recreational Use Airport	An airport with a turf (unpaved) runway near access to recreational opportunities with capacity for aircraft less than 12,500 pounds.
Limited Search and Rescue Forward Operating Location	An airport with a landing pad only capable of accommodating rotorcraft.

Condition Rating of Washington State Emergency Airfields

	Number of Airports
Owned airports:	
Acceptable for general use as a community airport	1
Acceptable for limited use as a community airport	1
Acceptable for general recreation use	5
Limited search and rescue forward operating location	1
Total owned airports	8

	2006	2005	2004	2003	2002
Percentage of airports acceptable for general recreational use or better	88	88	88	88	88
Percentage of airports not acceptable for general recreational use or better	12	12	12	12	12

Note: One airport is open only as a limited search and rescue operating location and is expected to remain in that status. For pictures of specific airfields, refer to the Department of Transportation's website at:

http://www.wsdot.wa.gov/Aviation/airports/

Information about Infrastructure Assets Reported Using the Modified Approach

Comparison of Budgeted-to-Actual Preservation and Maintenance

For the Fiscal Years Ended June 30, 2002 through 2006
(expressed in thousands)

	2002			2003		
Highway System						
Pavement	Budget	Actual	Variance	Budget	Actual	Variance
Preservation	$ 134,810	$ 127,946	$ 6,864	$ 119,160	$ 123,883	$ (4,723)
Maintenance	23,746	19,485	4,261	22,796	24,123	(1,327)
Total	$ 158,556	$ 147,431	$ 11,125	$ 141,956	$ 148,006	$ (6,050)
Bridges						
Preservation	$ 24,270	$ 16,307	$ 7,963	$ 22,460	$ 23,988	$ (1,528)
Maintenance	11,430	11,012	418	11,222	12,853	(1,631)
Total	$ 35,700	$ 27,319	$ 8,381	$ 33,682	$ 36,841	$ (3,159)
Rest Areas						
Preservation	$ 155	$ 122	$ 33	$ 390	$ 386	$ 4
Maintenance	4,744	4,462	282	4,744	4,688	56
Total	$ 4,899	$ 4,584	$ 315	$ 5,134	$ 5,074	$ 60
Emergency Air Fields						
Preservation & Maint.	$ 70	$ 64	$ 6	$ 70	$ 58	$ 12

In addition to increasing and improving the state highway system, WSDOT places a high priority on preserving and maintaining the current highway system. WSDOT breaks out preservation and maintenance into two separate functions. Preservation can be described as projects that maintain the structural integrity of the existing highway system including roadway pavements, safety features, bridges, and other structures/facilities. The Maintenance function handles the day-to-day needs that occur such as guardrail replacement, patching pot holes, installing signs, vegetation control, etc.

In 1996 WSDOT embarked on an initiative to use outcome based performance measures for evaluating the effectiveness of the Maintenance Program. The Maintenance Accountability Process (MAP) is a comprehensive planning, measuring and managing process that provides a means for communicating the impacts of policy and budget decisions on program service delivery. WSDOT uses it to identify investment choices and affects of those choices in communicating with the legislature and other stakeholders. The MAP measures and communicates the outcomes of 34 distinct highway maintenance activities. Maintenance results are measured via field condition surveys and reported as Level of Service (LOS) ratings, which range from A to F. LOS targets are defined in terms of the condition of various highway features (i.e. percent of guardrail on the highway system that is damaged) and are set commensurate with the level of funding provided for the WSDOT highway maintenance program. More information about MAP may be obtained at: http://www.wsdot.wa.gov/maintenance/mgmt/accountability.htm.

Notes: Numbers for the Pavement and Bridges budget amounts are calculated based on biennial plans as shown in the WSDOT *Monthly Financial* Report for subprograms P1 (Roadway Preservation), P2 (Structures Preservation), and M2 (Roadway, Bridge & Tunnel Maintenance). For FY 2006, the annual budget was calculated as half the biennial amount. The Preservation budgeted and actual amounts were adjusted for capitalized infrastructure and equipment in FY 2006.

The Emergency Airfields (program F3, State Airport Construction and Maintenance) budget amount came from the same sources as for pavements and bridges described above but is only one-fourth of the biennial total because the budget is split evenly between state owned and leased airports.

2004			2005			2006		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
$ 116,902	$ 107,229	$ 9,673	$ 118,055	$ 122,868	$ (4,813)	$ 108,409	$ 130,340	$ (21,931)
21,254	18,064	3,190	20,657	18,715	1,942	19,219	18,586	633
$ 138,156	$ 125,293	$ 12,863	$ 138,712	$ 141,583	$ (2,871)	$ 127,628	$ 148,926	$ (21,298)
$ 30,637	$ 24,780	$ 5,857	$ 16,768	$ 14,332	$ 2,436	$ 52,507	$ 20,338	$ 32,169
11,292	11,267	25	11,159	11,151	8	11,552	11,820	(268)
$ 41,929	$ 36,047	$ 5,882	$ 27,927	$ 25,483	$ 2,444	$ 64,059	$ 32,158	$ 31,901
$ 331	$ 222	$ 109	$ 381	$ 333	$ 48	$ 188	$ 129	$ 59
4,268	4,833	(565)	4,268	5,527	(1,259)	5,021	5,187	(166)
$ 4,599	$ 5,055	$ (456)	$ 4,649	$ 5,860	$ (1,211)	$ 5,209	$ 5,316	$ (107)
$ 70	$ 71	$ (1)	$ 108	$ 129	$ (21)	$ 83	$ 67	$ 16

The Rest Areas Maintenance budget is based on the biennial plan as shown in the WSDOT *Monthly Financial Report* for subprogram M2 under maintenance group "Rest Area Maintenance". For FY 2006, the annual budget was calculated as half the biennial amount. The Preservation budget is part of the P3 subprogram and consists of programmed rest area preservation projects of a non-capitalized nature. For Fiscal Years 2002 through 2005, the budget amounts are based on biennial plans as shown in the WSDOT *Monthly Financial Report* for subprogram P3 (Other Preservation), the annual budgets were calculated as half of the biennial amount times the percentage if non-capitalized rest area costs to the total costs in subprogram P3. Fiscal Year 2006's budget amount was provided by the rest area program manager.

Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 18, 2006

The Honorable Christine Gregoire
Governor, State of Washington

Dear Governor Gregoire:

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, 2006, and have issued our report thereon dated December 18, 2006. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Workers' Compensation Fund of the Department of Labor and Industries, Washington's Lottery, Department of Retirement Systems, Local Government Investment Pool, University of Washington, Western Washington University and the funds managed by the State Investment Board, as described in our report on the State of Washington's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Workers' Compensation Fund of the Department of Labor and Industries, Washington's Lottery, Department of Retirement Systems, Local Government Investment Pool, University of Washington, and Western Washington University were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the State's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters that we have reported to the management of the State of Washington in separate letters issued at the state agency level.

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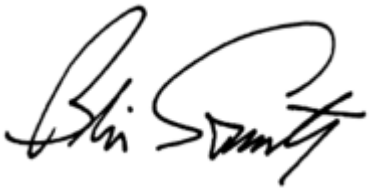
COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the State's financial statements are free of 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, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. 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*. However, we noted certain matters that we have reported to the management of the State of Washington in separate letters issued at the state agency level.

This report is intended for the information and use of management of the State and federal awarding agencies. 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.



BRIAN SONNTAG, CGFM

STATE AUDITOR

Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

January 26, 2006

The Honorable Christine Gregoire
Governor, State of Washington

Dear Governor Gregoire:

Compliance

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 are applicable to each of its major federal programs for the year ended June 30, 2006. The state's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the state's management. Our responsibility is to express an opinion on the state's compliance based on our audit.

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. Our audit does not provide a legal determination on the state's compliance with those requirements.

As described in Findings 06-01 to 06-19 in the accompanying Schedule of Federal Audit Findings and Questioned Costs, the state of Washington did not comply with requirements regarding: activities allowed or unallowed; allowable costs/cost principles; eligibility, reporting and special tests and provisions that are applicable to its Medicaid program. Compliance with such requirements is necessary, in our opinion, for the state of Washington to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the state complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 06-20 through 06-23, 06-25 and 06-27 through 06-34.

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Internal Control Over Compliance

The management of the state is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the state's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the state's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Findings 06-02 through 06-07, 06-11 through 06-14, 06-16, 06-17 and 06-24 through 06-26.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider Findings 06-14, 06-16 and 06-25 to be material weaknesses.

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, 2006, and have issued our report thereon dated December 18, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the state of Washington's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of state management and federal awarding agencies and pass-through entities. 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.

BRIAN SONNTAG, CGFM
STATE AUDITOR

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2006

Summary of Auditor's Results

FINANCIAL STATEMENTS

- We issued an unqualified opinion on the state's financial statements.
- We found no significant deficiencies in the design or operation of internal control over financial reporting that we consider a reportable condition.
- We noted no instances of noncompliance that were material to the financial statements of the state.

FEDERAL AWARDS

- Except for the Medicaid program, we issued an unqualified opinion on the state's compliance with requirements applicable to each of its major federal programs.
- We noted deficiencies in the design or operation of internal control over major federal programs that we consider to be reportable conditions. The following reportable conditions noted in this schedule are considered material weaknesses: 06-14, 06-16 and 06-25.
- We reported findings that are required to be disclosed under OMB Circular A-133, Section 510(a).
- The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, Section 520(b), was $28,653,645.
- The state did not qualify as a low risk auditee under OMB Circular A-133, Section 530.
- The following were major programs, determined in accordance with OMB Circular A-133, Section 520:

CFDA	PROGRAM
	Food Stamp Cluster
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
10.558	Child and Adult Care Food Program
	Schools and Roads Cluster
10.665	Schools and Roads Grants to States
10.666	Schools and Roads Grants to Counties

Summary of Auditor's Results - continued

CFDA	PROGRAM
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program
14.228	Community Development Block Grant
17.225	Unemployment Insurance (UI)
	Workforce Investment Act (WIA) Cluster
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
	Federal Transit Cluster
20.500	Federal Transit--Capital Investment Grants
20.507	Federal Transit--Formula Grants
84.010	Title I Grants to Local Educational Agencies (LEAs)
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States
93.145	AIDS Education & Training Centers
93.268	Immunization Grants
93.283	Center for Disease Control and Prevention Investigations and Technical Assistance
93.558	Temporary Assistance to Needy Families (TANF)
93.563	Child Support Enforcement

Summary of Auditor's Results - concluded

CFDA	PROGRAM
93.568	Low-Income Home Energy Assistance
93.575 93.596	CCDF Cluster Child Care and Development Block Grant Child Care Mandatory and Matching Funds for the Child Care and Development Fund
93.600	Head Start
93.658	Foster Care—Title IV-E
93.659	Adoption Assistance
93.667	Social Service Block Grant
93.767	State Children's Health Insurance Program (SCHIP)
93.775 93.776 93.777 93.778	Medicaid Cluster State Medicaid Fraud Control Units Hurricane Katrina Relief State Survey and Certification of Health Care Providers and Suppliers Medical Assistance Program (Medicaid: Title XIX)
93.959	Block Grant for Prevention and Treatment of Substance Abuse
96.001 96.006	Disability Insurance/SSI Cluster Social Security—Disability Insurance (DI) Supplemental Security Income (SSI)
97.004	Homeland Security Cluster State Domestic Preparedness Equipment Support Program
97.036	Disaster Grants – Public Assistance
Various	Research and Development Cluster

Financial Statement Findings and Other Reports

None reported. However, we do report instances of noncompliance with state laws and regulations that are not material to the state's basic financial statements in separate agency accountability reports. These reports are available on our internet site at www.sao.wa.gov/.

DIRECT REPORTING OF FRAUDS AFFECTING NON-MAJOR FEDERAL PROGRAMS

During the course of our audit, we became award of a fraud affecting the federal Reading First State Grants Program, CFDA 84.357. Based on the results of our investigation, we found that $3,025.14 in Reading First Program funds were misappropriated. We have reported the results of our fraud investigation to the U.S. Department of Education, the federal granting agency, under the direct reporting provisions of Government Auditing Standards and Office of Management and Budget Circular A-133. The results of that investigation are available in a separate fraud report upon request.

During the course of our audit, we became award of a fraud affecting the federal Crime Victims Assistance Program, CFDA 16.576. Based on the results of our investigation, we found that $431,375 in Crime Victims Compensation funds were misappropriated. We believe approximately 25 percent of that amount was federal Crime Victims Compensation Program funds. We are reporting the results of our fraud investigation to the U.S. Department of Justice, the federal granting agency, under the direct reporting provisions of Government Auditing Standards and Office of Management and Budget Circular A-133. The results of that investigation will be available in a separate fraud report upon request.

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2006

Summary of Federal Findings

Finding Number	Finding
06-01	The Department of Social and Health Services, Aging and Disability Services Administration, does not ensure providers of home health care services are Medicare certified as required by the Medicaid State Plan.
06-02	The Department of Social and Health Services is not complying with federal regulations that require people receiving Medicaid benefits to have valid Social Security numbers.
06-03	The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to prevent Medicaid payments for services provided after a client's death or to prevent payments for services provided to individuals using the Social Security number of a deceased person.
06-04	The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate controls to ensure compliance with Medicaid requirements to identify third parties responsible for payments for pharmaceutical services.
06-05	The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to support decisions on the eligibility of clients enrolled in Medicaid's Basic Health Plus program.
06-06	The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate controls to ensure claims for wheelchairs and wheelchair accessories are properly authorized as required by law.
06-07	The Department of Social and Health Services, Health and Recovery Services Administration, is not complying with federal requirements to defer Medicaid expenditures related to undocumented aliens as instructed by the Centers for Medicare and Medicaid Services.
06-08	The Department of Social and Health Services paid providers with Medicaid funds through the Social Services Payment System for services to clients using Social Security numbers belonging to deceased persons.
06-09	The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, are not ensuring compliance with federal law regarding hospital surveys.

Summary of Federal Findings - continued

Finding Number	Finding
06-10	The Department of Social and Health Services, Aging and Disability Services Administration, does not perform certification surveys of Intermediate Care Facilities for the developmentally disabled according to federal law.
06-11	The Department of Social and Health Services does not have adequate internal controls to ensure clients seeking to obtain medical benefits through the Medicaid program have applied according to federal regulations.
06-12	The Department of Social and Health Services, Office of Financial Recovery and Health and Recovery Services Administration, does not have adequate internal controls to ensure that final settlement amounts are refunded to the federal government and in a timely manner.
06-13	The Department of Social and Health Services, Health and Recovery Services Administration, has not established internal controls sufficient to ensure payment rates to its Healthy Options managed care providers are based on accurate data.
06-14	The Department of Social and Health Services does not have adequate controls to ensure home health agencies are licensed, Medicare-certified and have signed Core Provider Agreements as required by law.
06-15	The Department of Health does not retain documentation that would provide evidence to ensure all home health agency providers performed criminal background checks and obtained disclosures on employees having unsupervised access to vulnerable adults and children, as the law requires.
06-16	The Department of Social and Health Services does not have adequate controls in place to ensure providers of durable medical equipment exist, are properly licensed and have submitted accurate information.
06-17	The Department of Social and Health Services is not adequately reviewing pharmaceutical claims to identify patterns of fraud and abuse.
06-18	The Department of Social and Health Services has not established effective procedures in all administrations to ensure compliance with the federal Medicaid requirements for reporting adult victims of residential abuse to the Medicaid Fraud Control Unit.
06-19	The agreement between the Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, covering hospitals' survey activities does not comply with federal requirements.

Summary of Federal Findings - continued

Finding Number	Finding
06-20	The Washington State Department of Health has not established sufficient internal controls to safeguard gift cards used as incentives for participants in research studies done for the Centers for Disease Control and Prevention Investigations and Technical Assistance Program.
06-21	The Department of Health is not complying with federal requirements for time and effort reporting for the Centers for Disease Control and Prevention Investigations and Technical Assistance grant.
06-22	The Department of Social and Health Services, Economic Services Administration, is not in compliance with eligibility requirements for the Temporary Assistance for Needy Families Program.
06-23	The Department of Social and Health Services, Division of Child Support, is not complying with federal requirements for time and effort reporting for the Child Support Enforcement grant.
06-24	The Department of Social and Health Services, Division of Child Support, does not have adequate internal controls to ensure compliance with federal reporting requirements for the federal Child Support Enforcement grant.
06-25	The Department of Social and Health Services and the Department of Early Learning do not have adequate internal controls over direct payments made to child care providers.
06-26	The Department of Social and Health Services and the Department of Early Learning do not have adequate internal controls in place to ensure only eligible clients receive federal child care subsidies.
06-27	The Department of Social and Health Services did not comply with federal requirements for suspension and debarment for the Social Services Block Grant.
06-28	The Department of Social and Health Services, Division of Alcohol and Substance Abuse used federal funds to pay contractors a guaranteed amount above the actual level of service being provided.
06-29	The Department of Social and Health Services, Economic Services Administration, reimbursed contractors for services that were not adequately supported.
06-30	The Interagency Committee for Outdoor Recreation did not comply with federal requirements for suspension and debarment for the Salmon Recovery Program.
06-31	The Department of Social and Health Services is not complying with federal requirements for time and effort reporting for the federal Vocational Rehabilitation Program.

Summary of Federal Findings - concluded

Finding Number	Finding
06-32	The Department of Social and Health Services, Division of Disability Determination Services received reimbursement for unallowable costs for the Social Security Disability Insurance Programs.
06-33	The Department of Social and Health Services, Division of Disability Determination Services charged unallowable costs to Social Security Disability Insurance Programs.
06-34	The Department of Social and Health Services, Division of Disability Determination Services, did not comply with state and federal regulations when contracting for services paid with Social Security Disability Insurance Program funds.

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2006

Summary of Questioned Costs

Federal Grantor	State Agency	CFDA No.	Federal Program	Questioned Costs	Finding No.
U.S. Department of Health and Human Services	Department of Social and Health Services	93.775 93.776 93.777 93.778	Medicaid Cluster State Medicaid Fraud Control Units Hurricane Katrina Relief State Survey and Certification of Health Care Providers and Suppliers Medicaid Assistance Program	$6,935,223.00	06-01 to 06-19
U.S. Department of Health and Human Services	Department of Health	93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	$14,170.00	06-20
U.S. Department of Health and Human Services	Department of Social and Health Services	93.558	Temporary Assistance for Needy Families	$32,041.00	06-22
U.S. Department of Health and Human Services	Department of Social and Health Services	93.563	Child Support Enforcement	$23,259.00	06-23
U.S. Department of Health and Human Services	Department of Social and Health Services and Department of Early Learning	93.575 93.956	Child Care and Development Block Grant Child Care and Mandatory Matching Fund of the CCDF	$62,978.62	06-25 and 06-26
U.S. Department of Health and Human Services	Department of Social and Health Services	93.959	Block Grant for the Prevention and Treatment of Substance Abuse	$78,589.00	06-28
U. S. Department of Agriculture	Department of Social and Health Services	10.561	State Administrative Matching Grants for Food Stamp Program	281,084.00	06-29
U.S. Department of Education	Department of Social and Health Services	84.126	Vocational Rehabilitation Grants to States	$20,815.00	06-31
U. S. Social Security Administration	Department of Social and Health Services	96001 96.006	Social Security Disability Insurance Supplemental Security Income	$73,451.38	06-32 and 06-33
			TOTAL	$7,521,611.00	

Federal Findings and Questioned Costs

06-01 The Department of Social and Health Services, Aging and Disability Services Administration, does not ensure providers of home health care services are Medicare certified as required by the Medicaid State Plan.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Activities Allowed or Unallowed & Special Tests and Provisions: Provider Eligibility
Questioned Cost Amount:	$5,117,085

Background

Home health care includes a broad range of services offered in clients' homes including skilled nursing care, paraprofessional services, custodial care and high-tech pharmaceutical services. The elderly, a growing population with higher than average healthcare needs, are among the primary recipients of services offered by home health care agencies.

If a provider wishes to render services to Medicaid clients, the home health agency must obtain Medicare certification. However, states may request waivers of certain federal requirements in order to develop community-based treatment alternatives that are financed by Medicaid. Home and Community-Based Service waivers give states the flexibility to use alternatives to institutionalized care such as hospitals and nursing homes. The waiver program recognizes many individuals can be cared for in their homes and communities, preserving their independence and ties to family and friends at a cost that is no higher, and often less, than that of institutional care. In Washington, six waivers that the Aging and Disability Services Administration oversees affect home health care clients.

The waivers stipulate the qualifications a home health provider must meet in order to give care to Medicaid clients. They indicate credentials by provider type and service type. Thus, some providers can perform some services and not be Medicare certified, but must be certified to perform other services. For instance, under the Community Options Program Entry System waiver, a home health agency does not have to be certified to perform personal care services. However, the waiver does not allow skilled nursing services to be performed by an uncertified home health agency.

In our fiscal year 2005 audit, we attempted to determine if the Administration had controls in place to ensure home health providers are providing only services they are certified by law and/or qualified by waiver to perform. We found that under the six waivers, granted to Washington by the federal government, only three services did not require a home health provider to be Medicare certified. These services were personal care, caregiver/recipient training and respite care.

Federal Findings and Questioned Costs - continued

Description of Condition

In its corrective action plan for conditions noted in the past audit, the Administration reported it would request approval from the Centers for Medicare and Medicaid Services for two amendments to the State Plan. These amendments would stipulate Medicare certification is not required of a home health agency when it provides skilled nursing services and home health aide services or services performed by licensed registered nurses or licensed professional nurses.

We found both these amendments were submitted. At the time of our audit only one had been approved by the Centers. As of April 19, 2006, home health agencies are not required to obtain Medicare certification to provide private duty nursing services. Within the home health agency, private duty nursing services must be performed by a licensed and appropriately trained registered nurse and/or licensed practical nurse.

The Administration made no other changes to resolve this condition. As a result, we found non-certified providers were performing services that according to federal regulations and waivers only Medicare certified providers should have supplied.

Cause of Condition

The Administration states it expects the Centers will approve the request for home health agencies that provide home health aide services need not be Medicare certified.

The Administration also stated it believes all non-skilled services covered under the waivers are exempt from Medicare certification and thus its providers of home health care need not be certified.

Effect of Condition and Questioned Costs

We do not have reasonable assurance that those providers performing services under Home and Community-Based Service waivers managed by the Aging and Disability Services Administration are certified to perform the services they have rendered to Medicaid clients. We are questioning costs of $10,234,170, of which $5,117,085 was paid with federal funds.

Recommendation

We recommend the Department:

- Develop controls to ensure all home health providers meet the criteria for participating in the Medicaid program.
- Work with the U.S. Department of Health and Human Services to determine if any unallowable costs charged to federal Medicaid funds should be returned.

Department's Response

The Department has worked diligently on the State Plan Amendments (SPA) identified in the Department's 2005 response to the audit findings. SPA 06-008 was approved effective April 1, 2006 exempting home health agencies that provide Private Duty Nursing from the Medicare certification requirement. SPA 06-008 originally also included language to clarify that home health agencies providing personal care did not require Medicare certification. At the request of the Centers for Medicare and Medicaid Services (CMS), that language was removed from SPA 06-008 and a new SPA 06-012 was submitted to CMS on June 28, 2006 with that clarifying language. SPA 06-012 is still under CMS review.

Federal Findings and Questioned Costs - continued

The State Auditor's Office (SAO) correctly noted that states may request waivers of certain federal requirements to provide Home and Community-Based Services (HCBS) as an alternative to institutional care provided in nursing homes or Intermediate Care Facilities for the Mentally Retarded. Aging and Disability Services Administration (ADSA) manages three HCBS waivers under its Home and Community Services Division and four HCBS waivers under its Division of Developmental Disabilities. Each waiver establishes provider qualifications and requirements by service type. Under those waivers there is no requirement under any service type that home health agencies be Medicare certified to provide personal care, assisted living, adult family home, personal emergency response system, environmental modifications, transportation, adult day care, client training, home delivered meals, specialized medical equipment & supplies, respite care or community transition services. (Copied below is the Community Options Program Entry System (COPES) Appendix B-2 - Provider Qualifications.) The Department disagrees with the SAO interpretation that the Code of Federal Regulations requiring Medicaid home health agencies to be Medicare certified applies to any waiver service.

None of these services require a plan that is established and periodically reviewed by a physician as is required for home health services in federal statute (42 USC sec. 1395x(m)). This is a fundamental difference between home health care and in-home care services under home and community based waivers. Medicare does not pay for, and moreover does not recognize, these as medical services. Provider qualifications are specified in approved waivers and do not include Medicare certification as a qualification.

The Department agreed with last year's findings that in addition to Registered Nurses or Licensed Practical Nurses as qualified to provide skilled nursing services under its waivers that it would amend the waivers to include licensed home care agencies under WAC 335-246. ADSA is amending the waivers as they are renewed. The renewal for the Medically Needy In-Home Waiver is due to CMS in January 2007 and the COPES waiver is due December 2008.

Regarding the specific State Auditor's Office recommendations:

- *Develop controls to ensure all home health providers meet the criteria for participating in the Medicaid program.*

The Department assures that all providers meet criteria for participation in the Medicaid program. This is confirmed by repeated approval from CMS of the Medicaid State Plan, Home and Community Based Waivers and related collection of federal financial participation. The Department will continue to work with CMS to obtain approval of SPA 06-012. The Department will amend waivers on the renewal schedule to clarify providers of skilled nursing.

- *Work with the U.S. Department of Health and Human Services (DHHS) to determine if any unallowable costs charged to federal Medicaid funds should be returned.*

The Department will work with DHHS should any unallowable costs be identified.

In summary, the Department does not agree with the auditor that agencies which perform in-home care must be Medicare certified. The Department followed up on the previous SAO audit by submitting SPA 06-008 and 06-012. The Department agreed to amend the Medically Needy In Home and COPES waivers to include licensed home care agencies as providers of skilled nursing. The Department's original intent was to amend the waivers as each came up for renewal. Given the auditor's concerns, the Department is currently submitting the Medically Needy In Home Waiver with agreed amendments and will move to amend COPES as soon as possible.

(For reference, following is COPES Appendix B-2, Provider Qualifications):

APPENDIX B-2

PROVIDER QUALIFICATIONS

A. LICENSURE AND CERTIFICATION CHART

The following chart indicates the requirements for the provision of each service under the waiver. Licensure, Regulation, State Administrative Code are referenced by citation. Standards not addressed under uniform State citation are attached as Attachment B-2.

Service	Provider	License	Certification	Other Standard
1 Personal Care	Individual Providers		Must be a registered or certified nursing assistant in the state of WA to provide delegated nursing tasks	Meet the requirements of WAC 388-71-0500 through 399-71-05952
	Agency Providers	Home Care Agency License under Chapter 70.127 RCW and Chapter 246-336 WAC: or Home Health Agency License under Chapter 70.127 RCW		
2 Assisted Living/ Enhanced Adult Residential Care	Boarding Home	BH License under Chapter 18.20 RCW, Chapter 388-110 WAC		
3 Adult Family Home Care	Adult Family Home	AFH License under Chapter 70.128 RCW and 388-76 WAC		
4 Personal Emergency Response	Electronic Communication Equipment and Monitoring Agency			See attachment B-2a
5 Environmental Modifications	Contractor Volunteer			Meet the requirements of Chapter 18.27 RCW
6 Skilled Nursing	Licensed Practical Nurse (LPN)	LPN License under Chapter 18.79 RCW and Chapter246-840 WAC RN License under Chapter 18.79 RCW and Chapter 246-840		
7 Transportation	Taxicab Public Transit Volunteer			Standards are the same as those applied to vendors who provide access to state plan medical services.
8 Home Health	Nursing Assistant Certified		Nursing Assistant Certified (and registered) under Chapter 18.88A RCW and WAC 246-841	

Federal Findings and Questioned Costs - continued

9 Adult Day Care	Adult Day Care Center		Certified as Title XIX Provider	Meet the requirements of WAC 388-71-0702 through WAC 388-71-0776
10 Caregiver/ Recipient Training/ Support	Licensed Practical Nurse (LPN) and Registered Nurse (RN) Certified Dietician/Nutritionist Physical Therapist (PT) Licensed Occupational Therapist (OT) Home Health Agencies Home Care Agencies Community Colleges	LPN license under RCW 18.79 and WAC 246-840 RN license under RCW 18.79 and WAC 246-840 PT license under Chapter 18.74 RCW OT license under Chapter 18.59 RCW Home Health Agency license under Chapter70.127 RCW and WAC 246-327 Home Care Agency license under Chapter 70.127 RCW and Chapter 246-336 WAC	Dietician and Nutritionist Certificate under 18.138 RCW	Higher education institutions conducting programs under RCW 28B.50.020
	Independent Living Providers			A Bachelor's degree in social work or psychology with two years experience in the coordination or provision of Independent Living Services; or, Two years experience in the coordination or provision of Independent Living Services (e.g. housing, personal assistance services recruitment and/or management, IL skills training) in a social service setting under qualified supervision; or, Four years personal experience with a disability, two years experience in the coordination or provision of IL services in a social service setting under qualified supervision.

Federal Findings and Questioned Costs - continued

11 Home Delivered Meals	Food Service Vendor			Title III: Home Delivered Nutrition Program Standards Chapter 246-215 WAC: Food Service Vendor
12 Specialized Medical Equipment and Supplies	Contractor, RN			Have a state contract as a Title XIX Vendor
13 In home Nurse Delegation	RN Registered Nurse	RN licensed under Chapter RCW 18.79.040		
14 Community Transition Services	Any waiver provider listed above and any community provider that is appropriate such as stores, landlords, utilities, exterminators.			Meet all the state licensure and contract standards as required by service

Attachment B-2

Minimum Standards for PERS Equipment Vendors and Monitoring Agencies

1. All PERS equipment vendors must provide equipment approved by the Federal Communications Commission and the equipment must meet the Underwriters Laboratories, Inc., (UL) standard for home health care signaling equipment. The UL listing mark on the equipment will be accepted as evidence of the equipment's compliance with such standard.

2. The emergency response activator must be able to be activated by breath, by touch, or some other means and must be usable by persons who are visually or hearing impaired or physically disabled.

3. The emergency response communicator must be attached to the PERS client's telephone line and must not interfere with normal telephone use. The communicator must be capable of operating without external power during a power failure at the recipient's home in accordance with UL requirements for home health care signaling equipment with stand-by capability.

4. The monitoring agency must be capable of simultaneously responding to multiple signals for help from clients' PERS equipment. The monitoring agency's equipment must include a primary receiver, a stand-by information retrieval system and a separate telephone service, a stand-by receiver, a stand-by back up power supply, and a telephone line monitor. The primary receiver and back-up receiver must be independent and interchangeable. The clock printer must print out the time and date of the emergency signal, the PERS client's Medical identification code (PIC) and the emergency code that indicates whether the signal is active, passive, or a responder test. The telephone line monitor must give visual and audible signals when an incoming telephone line is disconnected for more than 10 seconds. The monitoring agency must maintain detailed technical and operations manuals that describe PERS elements including PERS equipment installation, functioning and testing; emergency response protocols; and record keeping and reporting procedures.

Auditor's Concluding Remarks

We thank the Department for its response. We will follow up in this area during our next audit.

Applicable Laws and Regulations

Certification

State Medicaid Plan, approved July 11, 2003.

WAC 388-551-2200, states in part:

> Home health services--Eligible providers. The following may contract with MAA to provide home health services through the home health program, subject to the restrictions or limitations in this section and other applicable published WAC:
>
> > (1) A home health agency that:
> >
> > > (a) Is Title XVIII (Medicare) certified;
> > > (b) Is department of health (DOH) licensed as a home health agency;
> > > (c) Submits a completed, signed core provider agreement to MAA; and
> > > (d) Is assigned a provider number . . . .

Core Provider Agreement

42 CFR 431.107 (b) Agreements, states in part:

> A State plan must provide for an agreement between the Medicaid agency and each provider or organization furnishing services under the plan in which the provider or organization agrees to
>
> > (1) keep any records necessary to disclose the extent of the services the provider furnishes to recipients . . . .

Department of Health In Home Service License

RCW 70.127.080, states:

> Licenses -- Application procedure and requirements
>
> > (1) An applicant for an in-home services agency license shall:
> >
> > > (a) File a written application on a form provided by the department;
> > >
> > > (b) Demonstrate ability to comply with this chapter and the rules adopted under this chapter;
> > >
> > > (c) Cooperate with on-site survey conducted by the department except as provided in RCW 70.127.085;
> > >
> > > (d) Provide evidence of and maintain professional liability, public liability, and property damage insurance in an amount established by the department, based on industry standards. This subsection shall not apply to hospice agency applicants that provide hospice care without receiving compensation for delivery of services;

(e) Provide documentation of an organizational structure, and the identity of the applicant, officers, administrator, directors of clinical services, partners, managing employees, or owners of ten percent or more of the applicant's assets;

(f) File with the department for approval a description of the service area in which the applicant will operate and a description of how the applicant intends to provide management and supervision of services throughout the service area. The department shall adopt rules necessary to establish criteria for approval that are related to appropriate management and supervision of services throughout the service area. In developing the rules, the department may not establish criteria that:

(i) Limit the number or type of agencies in any service area; or
(ii) Limit the number of persons any agency may serve within its service area unless the criteria are related to the need for trained and available staff to provide services within the service area;

(g) File with the department a list of the home health, hospice, and home care services provided directly and under contract;

(h) Pay to the department a license fee as provided in RCW 70.127.090;

(i) Comply with RCW 43.43.830 for criminal background checks; and

(j) Provide any other information that the department may reasonably require.

(2) A certificate of need under chapter 70.38 RCW is not required for licensure except for the operation of a hospice care center.

RCW 70.127.020, states:

Licenses required after July 1, 1990 -- Penalties.

(1) After July 1, 1990, a license is required for a person to advertise, operate, manage, conduct, open, or maintain an in-home services agency.

(2) An in-home services agency license is required for a nursing home, hospital, or other person that functions as a home health, hospice, hospice care center, or home care agency.

(3) Any person violating this section is guilty of a misdemeanor. Each day of a continuing violation is a separate violation.

(4) If any corporation conducts any activity for which a license is required by this chapter without the required license, it may be punished by forfeiture of its corporate charter.

(5) All fines, forfeitures, and penalties collected or assessed by a court because of a violation of this section shall be deposited in the department's local fee.

06-02 The Department of Social and Health Services is not complying with federal regulations that require people receiving Medicaid benefits to have valid Social Security numbers.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Eligibility
Questioned Cost Amount:	$903,821

Background

The Department of Social and Health Services must require, as a condition of eligibility, each individual, including children, applying for Medicaid services furnish his or her Social Security number. Federal regulations also require the Department to verify with the Social Security Administration the number given to ensure it was issued to the individual who supplied it and whether any other number has been issued for that individual. If an applicant does not remember or has not been issued a number, the Department must assist the individual in applying for one. Under these circumstances, the Department must obtain evidence to establish age, citizenship or immigration status and true identity of the applicant.

When the Department approves an applicant for Medicaid, it enters client information into the Department's Automated Client Eligibility System (ACES). This information in ACES is then transferred electronically into the Medicaid Management Information System (MMIS), which the Department's Health and Recovery Services Administration uses to process claims and initiate payments. The Administration stated all Medicaid clients, except those admitted through the Involuntary Treatment Act, are entered into ACES upon enrollment.

During our audits for fiscal years 2004 and 2005, we found numerous instances in which no Social Security numbers were listed in the MMIS records for Medicaid clients. We also found instances in which two or more people shared a number and other cases in which MMIS made payments for medical services for clients not listed in ACES.

Description of Condition

For our current audit, we sought to determine what improvements the Department had made to address the condition. We found continued weaknesses in internal controls intended to ensure all Medicaid applicants have, or have applied for, a valid Social Security number:

- Current procedures to ensure that staff obtain client Social Security numbers or assist those without a number in obtaining one upon application are not effective or consistently applied at all of the Department's field offices.

- Staff does not consistently validate Social Security numbers prior to admitting clients into the Medicaid program or verify that the individual is the actual owner of the Social Security number.

- Applications without Social Security numbers are being processed.

Federal Findings and Questioned Costs - continued

Cause of Condition

Department headquarters does not have effective monitoring procedures to make certain all field offices are adhering to policies and procedures related to ensuring that staff is obtaining, upon application, client Social Security numbers or assisting those who do not have one in obtaining one.

Effect of Condition and Questioned Costs

We performed audit procedures to determine the effect of the control weaknesses that we found. Our testing showed $31,276,404 in payments for medical care was made on behalf of 23,782 clients from July 1, 2005, through December 31, 2005. This amount did not include payments made for clients that would not need a Social Security number under Medicaid regulations. The following were eliminated from our testing:

- Clients the Department identified as being in the Alien Emergency Medical program.
- Clients whose procedures were paid only with state funds.
- Children born of a mother who was eligible for Medicaid and on the program at the time of the baby's birth.

We selected 281 clients for review. The payments attributed to their care totaled $4,594,546. We found 65 clients (23 percent) had received medical care paid for by the Medicaid program and were not listed in the Department's eligibility system or had been admitted into the program without Social Security numbers. In other instances, the Department was aware that the Social Security numbers provided by the client were invalid or erroneous:

- For 19 clients, the Department could not give us evidence that the client had been recorded in any of the Department's eligibility databases. This included databases for highly confidential clients such as adopted children, those in foster care or clients receiving services under the Take Charge Program of Medicaid.
- Three clients were listed in the Department's eligibility databases, but without a Social Security number.
- Forty-three clients were listed in the Department's eligibility databases with a designation of "Invalid SSN" in the Social Security number field.

The payments associated with the care for these clients resulted in actual questioned costs of $1,807,642. Of this, $903,821 (50 percent) was paid with federal matching funds.

When projected to the entire population of Medicaid clients that we found to be without Social Security numbers in the Department's payment system, the costs were $7,587,438. Fifty percent of these costs were paid with federal funds.

Recommendation

We recommend the Department:

- Require staff members to obtain client Social Security numbers or assist those without a number in obtaining one upon application.
- Require staff members to obtain evidence establishing the true identity of an applicant.

- Verify Social Security numbers for all Medicaid clients using the State On-line Query.

- Work with the U.S. Department of Health and Human Services to determine if any unallowable costs charged to Medicaid must be reimbursed by the state.

Department's Response

The Department concurs with the findings:

The 65 cases have been reviewed by the Department, they have been corrected or pended and letters have gone out requesting verification of information.

To ensure the field is adhering to policies and procedures related to obtaining the correct social security number for clients at application and reviews the Department has implemented the following requirements:

- *Developed and required State On-line Query (SOLQ) on-line training for field staff. All six regions have reported all appropriate staffs have completed this training.*

- *Required supervisors add medical cases to their monthly case audits and focus on Social Security number (SSN) mismatched alerts and check for consistent use of SOLQ for SSN verification.*

- *Community Services Division (CSD) Headquarters will be conducting quarterly random audits on medical cases and checking for consistent use of SOLQ at application and reviews.*

- *CSD supports the Health and Recovery Services Administration's change request for an Automated Client Eligibility System hard edit at the time of medical recertification for individuals who have a SSN application pending more than 60 days.*

The Department does not concur with the questioned costs as the cases in error were reviewed and corrected and still determined eligible for benefits during the audit time frame.

Auditor's Concluding Remarks

We appreciate the actions taken by the Department to correct the conditions identified. We will follow up during our next audit.

Applicable Laws and Regulations

The Code of Federal Regulations is explicit regarding obtaining and verifying Social Security numbers as a condition of Medicaid eligibility. 42 CFR 435.910 (a) specifically states in part:

> The agency must require, as a condition of eligibility that each individual (including children) requesting Medicaid services furnish each of his or her own social security numbers . . . .

42 CFR 435.910 (g) states:

> The agency must verify each SSN of each applicant and recipient with SSA, as prescribed by the commissioner, to insure that each SSN furnished was issued to that individual and to determine whether any others were issued.

If a Medicaid applicant cannot remember or has not been issued a Social Security number, 42 CFR 435.910 (e) (1-3) states that 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.

42 CFR 435.916 (a) states in part:

> The agency must re-determine the eligibility of Medicaid recipients, with respect to circumstances that may change, at least every 12 months . . .

42 CFR 435.920 (a-c) states:

> (a) In re-determining eligibility, the agency must review case records to determine whether they contain the recipient'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 recipient to furnish them and meet other requirements of 435.910.

If the agency initially established eligibility without verification of the Social Security number, 42 CFR 435.920 (c) requires:

> For any recipient whose SSN was established as part of the case record without evidence required under the SSN regulations as to age, citizenship, alien status, or true identity, the agency must obtain verification of these factors in accordance with 435.910.

The Medicaid State Plan incorporates the above references as applicable to Washington State's coverage and eligibility criteria when it states the following:

The Medicaid agency meets all requirements of 42 CFR Part 435, Subpart J for processing applications, determining eligibility, and furnishing Medicaid.

Federal Findings and Questioned Costs - continued

06-03 The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to prevent Medicaid payments for services provided after a client's death or to prevent payments for services provided to individuals using the Social Security number of a deceased person.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Eligibility
Questioned Cost Amount:	$681,508

Background

We began reviewing the Department's controls related to Social Security numbers as a condition of eligibility for the Medicaid program in 2002. We found reportable conditions for that year and in state fiscal years 2003, 2004 and 2005. During those years we saw little improvement in the control structure.

For those audits and in the current year, the Social Security Administration will not permit our independent access to the State On-line Query, a system that would allow us to verify Social Security numbers. Because of this condition, we must rely on the Department of Social and Health Services to perform Social Security number verifications for all our testing. For the past two audit cycles, however, we have been able to obtain independent access to death certificate information from the Health Department through the Department of Social and Health Services' systems. This has greatly improved audit efficiency.

Description of Condition

For state fiscal year 2006, we found conditions seen during previous audits. Specifically:

- Department staff at Community Service offices does not consistently use the computer system's capability to verify the validity of a Social Security number at the time of application. Thus, Social Security numbers are not consistently verified prior to admitting clients into the Medicaid program.

- Staff did not heed alerts sent by the Social Security Administration notifying them of potential problems with Social Security numbers entered for processing.

- Staff members are able to delete alerts without management's approval and/or knowledge.

- The Department has no consistent procedures for Community Service offices to use to determine the deaths of clients. We saw no evidence of any consistent communications with the Health Department to provide notification of clients' deaths in a timely manner.

Federal Findings and Questioned Costs - continued

Our current audit also found some improvements:

- Although not yet consistent among all the field offices, we saw more supervisory oversight with respect to responding to alerts.
- Better communication between headquarters and the field offices.
- The Department has completed modifications to its computer system that, if used by field staff, would greatly facilitate the verification of Social Security numbers at the time of application. These modifications were completed toward the end of the audit period.
- The Department has taken steps to recoup some of the payments we identified that were made on behalf of clients after their date of death.

Cause of Condition

- The number of alerts would substantially decrease for invalid Social Security numbers if staff would verify them at the time of application. The volume of alerts coming in daily precludes correction in a timely manner.
- The Administration is largely dependent on the provider or family members to report a client's death.
- Except for a few instances, we saw no evidence that the Department is assisting clients who are using Social Security numbers of deceased spouses and other relatives in obtaining their own numbers as the law provides.

Effect of Condition and Questioned Costs

Failing to verify Social Security numbers can lead to the enrollment of individuals ineligible for Medicaid. Such practices may cause the Department to violate federal and state laws.

The Medicaid program is unnecessarily susceptible to loss or misappropriation when it does not address unresolved control weaknesses.

Costs for medical services made on behalf of clients without valid Social Security numbers are not eligible for federal matching funds.

For the six-month period, July 1, 2005, through December 31, 2005, questioned costs related to medical services for deceased persons or persons using the Social Security numbers of persons, both living and deceased, totaled $1,363,015. Fifty percent ($681,508) was matched by federal funds. When projected to the entire population of Medicaid clients that we found in the Department's system having a Social Security number that matched a deceased person's Social Security number in the federal government's system, the costs were $1,684,194. Fifty percent of these expenditures were paid with federal funds.

Recommendation

We recommend the Department develop and follow procedures that:

- Require staff to verify Social Security numbers for all Medicaid clients at initial application through the use of the State On-line Query.
- Assist applicants in completing an application for a Social Security number for those who cannot recall their Social Security numbers or who have not been issued one as the law requires.
- Require staff to heed alerts sent by the Social Security Administration.
- Make it impossible for staff to delete alerts without management's approval and/or knowledge.
- Establish procedures with the Department of Health that will provide notification of clients' deaths in a timely manner.
- Forward the instances of apparent identity theft and provider fraud to its own Post-Payment Review Office or to appropriate legal authorities.
- Work with the U.S. Department of Health and Human Services to determine if any unallowable costs must be reimbursed.

Department's Response

The Department partially concurs with this finding.

To ensure the field is adhering to policies and procedures related to obtaining the correct social security number for clients at application and reviews the Department has implemented the following requirements:

- *The Department's Community Services Division (CSD) has developed and requires State On-line Query (SOLQ) on-line training for field staff. All six regions have reported all appropriate staffs have completed this training.*
- *Required supervisors add medical cases to their monthly case audits and focus on Social Security number (SSN) mismatched alerts and check for consistent use of SOLQ for SSN verification.*
- *CSD headquarters will be conducting quarterly random audits on medical cases and checking for consistent use of SOLQ at application and reviews.*
- *CSD supports the Health and Recovery Services Administration's (HRSA) change request for an the Department's Automated Client Eligibility System (ACES) hard edit at the time of medical recertification for individuals who have a SSN application pending more than 60 days.*

Currently CSD field staff acts on notification from HRSA Medicaid Management Information System (MMIS) staff when date of death (DOD) is reported. Field staff then work the 271 ACES alert when issued from the Social Security DOD interface. At this time the system issues hundreds of alerts for various reasons, requiring supervisor approval for all alerts would not be feasible for day to day work requirements.

Federal Findings and Questioned Costs - continued

HRSA has been, and continues to be, a stakeholder in a Department of Health (DOH) initiative that will provide on-line access to DOH death data. Although currently being piloted in two counties; statewide implementation is not anticipated for several years. This application will allow a real-time transfer of data from DOH to the Department of Social and Health Services (DSHS). However, DOH will remain dependent upon counties for receipt of death data, resulting in a lag in receipt of the information. Due to this lag, DSHS will continue its successful post-pay review activities by using the quarterly DOH death data file to identify and recoup claims paid for deceased clients.

When provider fraud or abuse is suspected, HRSA refers these cases to the Medicaid Fraud Control Unit of the Attorney General's Office for investigation and possible prosecution.

The auditor supplied HRSA with claims totaling $1,315,155.49 to research and respond. HRSA analyzed the 93 client records/SSNs attributed to these claims and verified that these clients were not deceased. The Department agrees that the SSN in the MMIS should be the client's correct SSN and has corrected them in the ACES and MMIS systems.

The Department disagrees that the $1,315,155.49 are unallowable claims.

HRSA validation found:

- *Correct SSNs for 27 clients were researched, validated and corrected in ACES;*
- *27 clients were using the SSN of a deceased spouse. HRSA staff researched, verified and corrected the SSN in ACES;*
- *28 undocumented persons had incorrect SSNs and were corrected in ACES;*
- *6 ACES keying errors for clients and were corrected in ACES;*
- *4 clients where the SSNs had already been corrected in ACES; and*
- *1 client was deceased, the correct SSN and Date of Death was corrected in ACES. The claim attributable to this SSN was not for this deceased client.*

Auditor's Concluding Remarks

We thank the Department for its response. We will follow up on this area during our next audit.

Applicable Laws and Regulations

The Code of Federal Regulations is explicit in its directives regarding obtaining and verifying Social Security numbers as a condition of Medicaid eligibility. 42 CFR 435.910 (a) specifically states in part:

> The agency must require, as a condition of eligibility that each individual (including children) requesting Medicaid services furnish each of his or her social security numbers . . . .

Regarding the agency's responsibility for the verification of SSNs, 42 CFR 435.910 (g), states:

> The agency must verify each SSN of each applicant and recipient with SSA, as prescribed by the commissioner, to insure that each SSN furnished was issued to that individual and to determine whether any others were issued.

If a Medicaid applicant cannot remember or has not been issued a Social Security number, 42 CFR 435.910 (e) (1-3) states that 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.

For the re-determination of Medicaid eligibility and social security numbers, the regulations are also quite precise. 42 CFR 435.916 (a) states in part:

> The agency must re-determine the eligibility of Medicaid recipients, with respect to circumstances that may change, at least every 12 months . . . .

Federal Findings and Questioned Costs - continued

42 CFR 435.920 (a-b) continues:

> (a) In re-determining eligibility, the agency must review case records to determine whether they contain the recipient'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 recipient to furnish them and meet other requirements of 435.910.

If the agency initially established eligibility without verification of the Social Security number, 42 CFR 435.920 (c) requires:

> For any recipient whose SSN was established as part of the case record without evidence required under the SSN regulations as to age, citizenship, alien status, or true identity, the agency must obtain verification of these factors in accordance with 435.910.

The Medicaid State Plan incorporates the above references as applicable to Washington State's coverage and eligibility criteria when it states the following:

> The Medicaid agency meets all requirements of 42 CFR Part 435, Subpart J for processing applications, determining eligibility, and furnishing Medicaid.

Federal Findings and Questioned Costs - continued

06-04 The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate controls to ensure compliance with Medicaid requirements to identify third parties responsible for payments for pharmaceutical services.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Activities Allowed or Unallowed
Questioned Cost Amount:	$70,980

Background

Third-party liability refers to the legal obligation of third-party resources, usually insurance companies, to pay medical and pharmaceutical claims of Medicaid recipients prior to Medicaid coverage. The function of third-party liability within the Medicaid program is to ensure non-Medicaid resources are the primary source of payment. Federal regulations require states to have processes to identify third parties liable for payment for services before Medicaid dollars are used.

Pharmacies submit claims for payment electronically through the Point of Sale system. This is a real-time system that interfaces with the Medicaid Management Information System (MMIS), which processes requests for payment through a series of edits. Claims are paid if they successfully pass all edits.

When pharmacies submit claims for payment through the Medicaid program, they also must enter any third-party payers that may be liable for paying a portion of the claim. If a provider submits a claim on behalf of a client who has other insurance without accurately entering the third-party resource, MMIS will deny the claim. However, edits in MMIS can be rendered inoperative by manual override codes.

The Department of Social and Health Services paid more than $343 million in claims for pharmaceutical services from July 1, 2005, through December 31, 2005. We selected Somatropin, an anabolic steroid for review for our current audit. The Department spent more than $3.3 million for this drug in the same time period.

Description of Condition

Our audit testing showed that the accuracy of information entered into the Point of Sale system is totally dependent on the provider. We found that providers can enter either the accurate third-party payer information or alternatively, at their discretion, enter the override codes to bypass the edits in the system that would deny payment on the claim should the information be inaccurate.

The Department reported it reviewed more than 50 percent of the third-party liability payments related to pharmacy expenditures after the payments were made. Despite this effort, however, claims that could have been paid, at least in part, by third-party payers were still paid by the Medicaid program. We found that given the volume of drug claims that pass through the system, the Department's post-payment efforts are not sufficient to identify all overpayments. We found no controls over the providers' use of override codes to ensure third-party information is accurate prior to paying the claims.

Cause of Condition

Pharmacy providers are misusing override codes. The Department has no controls over the use of override codes when claims are entered into the system.

Effect of Condition and Questioned Costs

Inaccurate third-party liability coverage information is being entered into the system causing Medicaid dollars to be spent on pharmacy services that could have been paid by other third party resources. We reviewed $190,019 for 16 clients to determine whether Medicaid was the payor of last resort. We found claims for nine clients (56 percent of those we looked at) had other resources to pay for at least a portion of their claims. For these clients, we found questioned costs of $97,657 and $44,303 were paid for fiscal years 2005 and 2006, respectively. Half of these expenditures, or $70,980 was paid with federal funds.

Recommendation

We recommend the Department:

- Strengthen controls over the entry of claims into its payment system to ensure third-party payers are properly billed as the primary source of payment, as federal regulations require.

- Work with the U.S. Department of Health and Human Services to determine if any unallowable costs must be reimbursed.

Department's Response

The Department disagrees with this finding. The finding asserts inadequate internal controls over the providers' use of override codes without consideration and understanding of why override codes are allowed to bypass existing Point of Sale (POS) edits. The Department has compensating internal controls in place to provide sufficient internal control and reasonable assurance that third party resources will be identified and overpayments recovered.

Pursuant to 42 CFR 433 sections 138 and 139, the Department has taken "reasonable measures to determine the legal liability of third parties . . . ." Specifically, the Department: requires clients to report third-party coverage when applying for Medical Assistance; conducts health insurance data cross-matches e.g. Employment Security, Department of Labor and Industries and Department of Personnel, to determine if any other coverage benefits exist; and denies pharmacy claims if third-party coverage exists. Department staff assists pharmacists, by making billing information available through toll-free lines, the Health and Recovery Service Administration's (HRSA) provider website, clients' medical identification cards, and as explanations of benefits on weekly remittance advices sent to providers.

The Department requires pharmacy providers seek timely reimbursement from a third party when a client has available third-party resources (see WAC 388-501-0200 and Title XIX State Plan). When claims are submitted through the POS system and the Medicaid Management Information System (MMIS) client eligibility file reflects a client having insurance coverage, an edit denies the claim. The onus is then placed on the pharmacy provider to verify the availability of third-party benefits and then bill the third party and Medicaid appropriately. When the pharmacy providers bill Medicaid they may need to use override codes to ensure they receive timely reimbursement for services provided. If the pharmacy provider uses an override code and later determines that third party insurance was available, the pharmacy provider is required to verify and pursue clients' third party benefits and refund to HRSA any Medicaid payments also paid by a liable third party.

The override codes, part of the National Council for Prescription Drugs Programs electronic claims submission standard, are recognized nationally as electronic claims processing standards used throughout the pharmacy community. Disallowing pharmacy providers from using these codes would result in significant delays in claims processing, severely affecting service delivery. Claims processing and prior authorization backlogs would ensue, potentially preventing clients from obtaining life sustaining prescription drugs. Additionally, pharmacy providers would assume increased administrative burdens in order to obtain payment for services rendered to Medicaid clients.

In addition to the compensating pre-payment controls, the Department actively conducts post-payment audits of pharmacy override code usage. Thirty-four pharmacy third party liability audits were performed in 2005; twenty-five in 2006. All of these audits were identified and prioritized by risk exposure i.e. dollars by override code. Identified overpayments for these fifty-nine audits total $3,314,056. In addition, HRSA will examine the nine clients identified by the auditor who have other insurance. If appropriate, expenditures will be recovered.

All of the internal controls, including pre-payment and post-payment compensating controls, provide sufficient internal control and reasonable assurance that third party resources are identified and overpayments recovered.

Auditor's Concluding Remarks

We thank the Department for its response. We will follow up in this area during our next audit.

Applicable Laws and Regulations

When probable liability is established at the time a claim is filed 42CFR433.139 (b) (1) requires:

> If the agency has established the probable existence of third party liability at the time the claim is filed, the agency must reject the claim and return it to the provider for a determination of the amount of liability. The establishment of third party liability takes place when the agency receives confirmation from the provider or a third party resource indicating the extent of third party liability. When the amount of liability is determined, the agency must then pay the claim to the extent that payment allowed under the agency's payment schedule exceeds the amount of the third party's payment.

42CFR 433.140 (a) stipulates the following regarding a state's claim for federal financial participation:

> (a) FFP is not available in Medicaid payments if—
>
> > (1) The agency failed to fulfill the requirements of §§433.138 and 433.139 with regard to establishing liability and seeking reimbursement from a third party;
> >
> > (2) The agency received reimbursement from a liable third party; or
> >
> > (3) A private insurer would have been obligated to pay for the service except that its insurance contract limits or excludes payments if the individual is eligible for Medicaid.
>
> (b) FFP is available at the 50 percent rate for the agency's expenditures in carrying out the requirements of this subpart.

Federal Findings and Questioned Costs - continued

06-05 The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to support decisions on the eligibility of clients enrolled in Medicaid's Basic Health Plus program.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Activities Allowed or Unallowed &Eligibility
Questioned Cost Amount:	$53,126

Background

Among Medicaid enrollees are children of parents and guardians who participate or who have participated in the state's Basic Health Plan. The Basic Health Plan is designed to provide affordable health insurance to eligible Washington residents and is administered by the Washington State Health Care Authority. An application for the Basic Health Plan by a parent may also be used as a joint application for Basic Health Plus, a Medicaid program for children in qualified households. With Basic Health Plus, children receive additional health care coverage such as dental care, vision care and physical therapy. The Health Care Authority provides the insurance coverage under Basic Health Plus, while the Health and Recovery Services Administration pays the premiums.

In our audits for fiscal years 2001 through 2005, we reported findings relating to weaknesses in the internal control structure in the Administration's management of the Basic Health Plus program as well as noncompliance with federal regulations. The Department did not concur with our findings and has not made any significant changes in its administration of the program.

Description of Condition

During our current audit, we found the Department does not consistently:

- Follow its own policies and procedures for determining income eligibility. For example, a full month of payroll documents for wage earners and sufficient documentation supporting a self-employed client's declaration of income were not always obtained.

- Document its method of calculating an estimate of a household's income clearly and completely.

- Determine if adults other than the head-of-household are employed and all household income is accounted for. This is especially notable in self-employed households.

Cause of Condition

The Department believes it follows policies and procedures, obtains sufficient supporting documentation and correctly determines income eligibility of its clients.

Effect of Condition and Questioned Costs

We performed audit procedures to determine the effect of the weaknesses we found in the cases of 90 clients who received services from July 1, 2005, through December 31, 2005.

For 57 out of the 90 (63 percent), we found the Department could not support its determination of income eligibility.

- For 38 of all clients tested (42 percent) the Department did not have adequate documents on file supporting its estimate of a household's income.

- For 19 of all clients tested (21 percent), the Department did not calculate a household's income according to its policies or did not account for all household income.

For these clients, questioned costs for payments made on their behalf totaled $106,251. Fifty percent of this or $53,126 was paid with federal funds.

Due to the continuing weaknesses we have identified and the pervasiveness of the condition in our test selection, we have little assurance the Department would be able to support its determination of income eligibility for all the clients currently enrolled in the program. Total claims that were paid for medical services from July 1, 2005, through December 31, 2005 to Basic Health Plus clients were $14,554,443. Of this, approximately 50 percent was paid with federal funds. We are reporting these as costs at risk.

Recommendation

We recommend the Department:

- Follow its policies and procedures and require staff to corroborate the client's representations with adequate documents and to exercise a level of judgment, care, prudence, determination and activity that a person would reasonably be expected to do when determining eligibility.

- Work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid federal funds must be reimbursed as a result of this noncompliance.

Department's Response

The Department agrees with this finding. This findings concerns children receiving Medicaid (whose parents receive coverage under the Basic Health Program); which is administered by Medical Eligibility Determination Services (MEDS).

The Department is committed to ensuring accurate determinations of income eligibility. In order to assure the highest possible level of accuracy, the Eligibility Policy and Community Education office will develop and present a new two-part training module. One component will focus on regular earned and unearned income and the verification and documentation of that income. The second component will concern self-employed income, also including the methodology of verification and documentation of that income.

This training will be mandatory for all eligibility staff at MEDS. All supervisory staff, the three trainers/internal auditors will attend a separate session that will include both of the income components described above as well as focus on accurate and consistent audit practices. The goal of the mandatory training is improved accuracy of eligibility determinations and development of consistent internal auditing practices.

The MEDS current audit process was developed in April 2006 and is expected to be updated annually. MEDS expects to update the audit policy and procedures document by January 31, 2007. The current audit standard for MEDS will be increased and findings will continue to be reported to the MEDS Office Chief monthly as described in the audit policy and procedures. The revised audit plan will reflect an additional staff person, responsible for fair hearings and increased auditing, assigned effective November 2006. This staff person is expected to audit a minimum of 120 cases per month.

HRSA will work with CMS to ensure agreement on eligibility determination policies and procedures.

Auditor's Concluding Remarks

We appreciate the actions taken by the Department to correct the conditions identified. We will follow up during our next regularly scheduled audit.

Applicable Laws and Regulations

With respect to Income Budgeting per the Department's A-Z Manual, regulations from the Washington Administrative Code are cited as guidance for staff:

> WAC 388-450-0215
>
> > The department uses prospective budgeting to determine if your Assistance Unit (AU) is eligible and to calculate your benefits.
> >
> > > 1. We determine if your AU is eligible for benefits and calculate your monthly benefits based on an estimate of your AU's income and expenses for that month. This is known as prospective budgeting.
> > >
> > > 2. We base this estimate on what can be reasonably expected based on your current, past and future circumstances.
> > >
> > > 3. We determine if our estimate is reasonable by looking at documents, statements and other verification.

Basic Health Plus Application under the DSHS Programs' Self-Employment or Rental Income Worksheet instructs self-employed clients as follows:

> You must provide proof of all your gross receipts and expenses for the last complete calendar month.

Title 45, Code of Federal Regulations, Section 92.20(a) states:

> A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds.

Revised Code of Washington 43.88.160(4) states:

> . . . the director of financial management, as agent of the governor, shall:

> Develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each Department 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 state of Washington Office of Financial Management's *State Administrative and Accounting Manual* addresses basic principles of internal control in Section 20.20.20.a. as follows:

> Each agency director is responsible for establishing and maintaining an effective system of internal control throughout the agency.

The U.S. Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, Attachment A, Section C(1)(d) provides that costs are allowable under federal awards if they meet the following criteria:

> 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.

Title 42, Code of Federal Regulations, Section 435.916(b), states in part:

> . . . The agency must have procedures designed to ensure that recipients make timely and accurate reports of any change in circumstances that may affect their eligibility.

As it pertains to requesting information for the determination of eligibility, Title 42, Code of Federal Regulation, Section 435.948, states in part:

> (a) Except as provided in paragraphs (d), (e), and (f) of this section, the agency must request information from the sources specified in this paragraph for verifying Medicaid eligibility and the correct amount of medical assistance payments for each applicant (unless obviously ineligible on the face of his or her application) and recipient. The agency must request--
>
> > (1) State wage information maintained by the SWICA during the application period and at least on a quarterly basis;
> >
> > (2) Information about net earnings from self-employment, wage and payment of retirement income, maintained by SSA and available under Section 6103(l)(7)(A) of the Internal Revenue Code of 1954, for applicants during the application period and for recipients for whom the information has not previously been requested;
> >
> > (3) Information about benefit and other eligibility related information available from SSA under titles II and XVI of the Social Security Act for applicants during the application period and for recipients for whom the information has not previously been requested;
> >
> > (4) Unearned income information from the Internal Revenue Service available under Section 6103(l)(7)(B) of the Internal Revenue Code of 1954, during the application period and at least yearly;

(5) Unemployment compensation information maintained by the agency administering State unemployment compensation laws (under the provisions of section 3304 of the Internal Revenue Code and section 303 of the Act) as follows:

(i) For an applicant, during the application period and at least for each of the three subsequent months;

(ii) For a recipient that reports a loss of employment, at the time the recipient reports that loss and for at least each of the three subsequent months.

(iii) For an applicant or a recipient who is found to be receiving unemployment compensation benefits, at least for each month until the benefits are reported to be exhausted.

(6) Any additional income, resource, or eligibility information relevant to determinations concerning eligibility or correct amount of medical assistance payments available from agencies in the State or other States administering the following programs as provided in the agency's State plan:

(i) AFDC;

(ii) Medicaid;

(iii) State-administered supplementary payment programs under Section 1616(a) of the Act;

(iv) SWICA;

(v) Unemployment compensation;

(vi) Food stamps; and

(vii) Any State program administered under a plan approved under Title I (assistance to the aged), X (aid to the blind), XIV (aid to the permanently and totally disabled), or XVI (aid to the aged, blind, and disabled in Puerto Rico, Guam, and the Virgin Islands) of the Act.

(b) The agency must request information on applicants from the sources listed in paragraph (a)(1) through (a)(5) of this section at the first opportunity provided by these sources following the receipt of the application. If an applicant cannot provide an SSN at application, the agency must request the information at the next available opportunity after receiving the SSN.

(c) The agency must request the information required in paragraph (a) of this section by SSN, using each SSN furnished by the individual or received through verification

(d) Exception: In cases where the individual is institutionalized, the agency needs to obtain and use information from SWICA only during the application period and on a yearly basis, and from unemployment compensation agencies only during the application period . . . .

(e) Exception: Alternate sources.

(1) The Secretary may, upon application from a State agency, permit an agency to request and use income information from a source or sources alternative to those listed in paragraph (a) of this section. The agency must demonstrate to the Secretary that the alternative source(s) is as timely, complete and useful for verifying eligibility and benefit amounts. The Secretary will consult with the Secretary of Agriculture and the Secretary of Labor before determining whether an agency may use an alternate source.

(2) The agency must continue to meet the requirements of this section unless the Secretary has approved the request.

(f) Exception: If . . . SSA determines the eligibility of an applicant or recipient, the requirements of this section do not apply to that applicant or recipient.

The 2006 A-133 compliance supplement page 4-93.778-13 through 15 sets forth the following with respect to eligibility for individuals for the Medicaid program:

a. The State Medicaid agency or its designee is required to determine client eligibility in accordance with eligibility requirements defined in the approved State plan (42 CFR Section 431.10).

b. There are specific requirements that must be followed to ensure that individuals meet the financial and categorical requirements for Medicaid. These include that the State or its designee shall:

(1) Require a written application signed under penalty of perjury and include in each applicant's case records facts to support the agency's decision on the application (42 USC 1320b-7(d); 42 CFR sections 435.907 and 435.913).

(2) Use the income and eligibility verification system (IEVS) to verify eligibility using wage information available from such sources as the agencies administering State unemployment compensation laws, Social Security Administration (SSA), and the Internal Revenue Service to verify income eligibility and the amount of eligible benefits. With approval from HHS, States may use alternative sources for income information. States also: (a) may target the items of information for each data source that are most likely to be most productive in identifying and preventing ineligibility and incorrect payments, and a State is not required to use such information to verify the eligibility of all recipients; (b) with reasonable justification, may exclude categories of information when follow-up is not cost effective; and (c) can exclude unemployment compensation information from the Internal Revenue Service or earnings information from SSA that duplicates information received from another source (42 USC 1320b-7(a); 42 CFR sections 435.948(e) and 435.953).

(3) Require, as a condition of eligibility, that each individual (including children) requesting Medicaid services furnish his or her social security account numbers (SSN) and the State shall utilize the SSN in the administration of the program. The State shall not deny or delay services to an otherwise eligible applicant pending issuance or verification of the individual's SSN by SSA. If the applicant cannot recall the SSN or has not been issued a SSN, the agency

must assist the applicant in completing an application for an SSN and either send the application to SSA or, if there is evidence that the applicant has been previously issued a SSN, request SSA to furnish the number. A State may give a Medicaid identification number to an applicant who, because of well-established religious objections, refuses to obtain a SSN. In redetermining eligibility, if the case record does not contain the required SSN, the agency must require the recipient to furnish the SSN (42 CFR section 435.920(b)) (42 USC 1320b-7(a)(1); 42 CFR sections 435.910 and 920).

(4) Verify each SSN of each applicant and recipient with SSA to insure that each SSN furnished was issued to that individual and to determine whether any others were issued (42 CFR sections 435.910(g) and 42 CFR 435.920).

(5) Document qualified alien status if the applicant or recipient is not a U.S. citizen (42 USC 1320b-7d).

(6) Redetermine the eligibility of Medicaid recipients with respect to circumstances that may change (e.g., income eligibility), at least every 12 months. The agency may consider blindness and disability as continuing until the review physician or review team determines that the recipient's blindness or disability no longer meets the definition contained in the plan. There must be procedures designed to ensure that recipients make timely and accurate reports of any changes in circumstances that may affect their eligibility. The State must promptly redetermine eligibility when it receives information about changes in a recipient's circumstances that may affect his or her eligibility (42 CFR Section 435.916).

c. Qualified aliens, as defined at 8 USC 1641, who entered the United States on or after August 22, 1996, are not eligible for Medicaid for a period of five years, beginning on the date the alien became a qualified alien, unless the alien is exempt from this five-year bar under the terms of 8 USC 1613. States must provide Medicaid to certain qualified aliens in accordance with the terms of 8 USC 1612(b)(2), provided that they meet all other eligibility requirements. States may provide Medicaid to all other otherwise eligible qualified aliens who are not barred from coverage under 8 USC 1613 (the five-year bar). All aliens who otherwise meet the Medicaid eligibility requirements are eligible for treatment of an emergency medical condition under Medicaid, as defined in 8 USC 1611(b)(1)(A), regardless of immigration status or date of entry.

06-06 The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate controls to ensure claims for wheelchairs and wheelchair accessories are properly authorized as required by law.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Special Tests and Provisions: Provider Eligibility
Questioned Cost Amount:	$45,795

Background

Durable medical equipment is equipment that can withstand repeated use by ill or injured people in a home setting. Some durable medical equipment, such as canes, walkers, crutches and wheelchairs, can give a person more mobility and greater independence.

Medicaid claims for wheelchairs are paid in one of two ways:

1. As a payment for a benefit covered solely by the Medicaid program.

2. As a co-payment with Medicare for clients who are eligible for benefits under Medicaid and Medicare. Claims made on behalf of these dual eligible clients are called crossover claims.

Washington state regulations require prior authorization or expedited prior authorization before claims for wheelchairs, wheelchair accessories, wheelchair modifications, air/foam/gel cushions and repairs may be paid. Federal regulations state that in order for costs to be paid with federal money, they must be authorized or not prohibited under state or local laws or regulations.

For prior authorization requests, the Department requires specific documentation before payment is approved. This documentation includes patient-specific justification for base equipment, a prescription signed by a physician or other licensed health practitioner and proof of medical necessity.

Expedited prior authorization is a form of prior authorization. This process is allowed for selected medical procedures and for durable medical equipment. For wheelchair claims, this authorization is valid for a period of need that does not exceed two months in a 12-month period. If it is later determined that the length of need will exceed two months, the provider must obtain prior authorization through a written request or a phone request.

Description of Condition

We reported concerns in this area in our last audit. While we found improvements during the current audit, the Health and Recovery Services Administration continues to have inadequate controls to ensure payments for wheelchairs and wheelchair accessories are allowable and adequately supported.

Specifically we found:

- A lack of adequate controls over expedited prior authorization procedures that would ensure providers have obtained a written or verbal authorization from the Department if the length of need exceeds two months.

- The authorization process is bypassed for all claims for wheelchairs and wheelchair accessories on behalf of managed care and Medicare clients.

Cause of Condition

The Department does not monitor transactions requiring expedited prior authorization adequately.

The Department incorrectly adjusted the Medicaid Management Information System to allow managed care payments for wheelchairs to be made without authorization.

The Department states prior authorization for Medicare clients would be an unnecessary burden on the Department, providers and clients.

Effect of Condition and Questioned Costs

Our testing showed that the control weaknesses in the expedited prior authorization process allowed 12 claims out of 14 to be submitted past the two month period. We found $4,530 in questioned costs. Fifty percent of this amount was paid in federal funds.

We also found the Department paid $87,059 in claims for wheelchairs and wheelchair accessories for managed care clients during the second half of 2005 without any authorization. We question these costs. Fifty percent of this amount was paid in federal funds.

Due to the control weaknesses we do not have reasonable assurance that all claims the Department paid for dual eligible clients are allowable and supported with adequate documents, placing approximately $1,787,369 at risk for calendar year 2005.

Fifty percent of all claims for wheelchairs and wheelchair accessories were paid with federal funds.

Recommendation

We recommend the Department:

- Establish and follow controls to ensure providers submit a written request or a phone request if a length of need for an expedited prior authorization exceeds two months in a 12-month period.

- Ensure claims for wheelchairs and wheelchair accessories made on behalf of both managed care and Medicare clients are authorized in compliance with state and federal regulations.

- Work with the U.S. Department of Health and Human Services to determine if any unauthorized costs charged to Medicaid must be returned.

Department's Response

The Department recognizes that expedited prior authorization for wheelchair claims exceeding two months in a 12 month period of time is a control weakness. The expedited prior authorization process was corrected through a completed change request implemented on July 6, 2006, to prevent payment beyond authorized time periods without authorization.

The Department recognizes that claims paid on behalf of managed care clients should be subject to the same authorization requirements as other claims. Incorrect coding in the Medicaid Management Information System had been put in place for managed care clients in the disease management program; this has been corrected as of July 6, 2006, Department staffs are now required to perform authorization.

Claims paid on behalf of clients who are eligible for Medicare are authorized by Medicare before payment is made by the Department. The Department accepts Medicare authorization for payment of these claims. A second authorization on these claims is not necessary. The Department is implementing a Washington Administrative Code (WAC) governing authorization of wheelchair payments to clearly state that for Medicare clients, no further authorization beyond Medicare is necessary. Projected date for implementation of the new WAC is March 2007.

Auditor's Concluding Remarks

We appreciate the actions taken by the Department to correct the conditions identified. We will follow up during our next audit.

Applicable Laws and Regulations

The March 2006 Federal Office of Management and Budget Circular A-133 Compliance Supplement, part 3, page 3-B-10, page 3-B-1 and page 3-B-3, states in part:

1. Compliance Requirements - State/Local Department or Agency Costs - Direct and Indirect

    a. Basic Guidelines - Refer to the previous section, "Allowable Costs – State/Local-Wide Central Service Costs, 1.a - Compliance Requirements-Basic Guidelines," for the guidelines affecting the allowability of costs (direct and indirect) under Federal awards.

OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments" (2 CFR part 225) cost principles circulars prescribe the cost accounting policies associated with the administration of Federal awards by States, local governments, and Indian tribal governments. The circular describes selected cost items, allowable and unallowable costs, and standard methodologies for calculating indirect costs rates (e.g., methodologies used to recover facilities and administrative costs (F&A) at institutions of higher education).

1. Compliance Requirements - State/Local-Wide Central Service Costs

    a. Basic Guidelines

        (1) The basic guidelines affecting allowability of costs (direct and indirect) are identified in A-87, Attachment A, paragraph C.

        (2) To be allowable under Federal awards, costs must meet the following general criteria (A-87, Attachment A, paragraph C.1):

(a) Be necessary and reasonable for the performance and administration of Federal awards. (Refer to A-87, Attachment A, paragraph C.2 for additional information on reasonableness of costs.)
(b) Be allocable to Federal awards under the provisions of A-87. (Refer to A-87, Attachment A, paragraph C.3 for additional information on allocable costs.)
(c) Be authorized or not prohibited under State or local laws or regulations.
(d) Conform to any limitations or exclusions set forth in A-87, 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) Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.
(h) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.

(i) Be net of all applicable credits. (Refer to A-87, Attachment A, paragraph C.4 for additional information on applicable credits.)
(j) Be adequately documented.
(Emphasis added.)

WAC 388-502-0100 states:

General conditions of payment.

(1) The department reimburses for medical services furnished to an eligible client when all of the following apply:

(a) The service is within the scope of care of the client's medical assistance program;

(b) The service is medically or dentally necessary;

(c) The service is properly authorized;

WAC 388-543-1600 states:

Items and services which require prior authorization.

(1) MAA bases its determination about which DME and related supplies, prosthetics, orthotics, medical supplies and related services require **prior authorization (PA)** or **expedited prior authorization (EPA)** on utilization criteria. (See WAC 388-543-1000

for PA and WAC 388-543-1800 for EPA.) MAA considers all of the following when establishing utilization criteria:

(a) High cost;
(b) Potential for utilization abuse;
(c) Narrow therapeutic indication; and
(d) Safety.

(2) MAA requires providers to obtain prior authorization for certain items and services. This includes, but is not limited to, the following:

(a) Augmentative communication devices (ACDs);

(b) Certain by report (BR) DME and supplies as specified in MAA's published issuances, including billing instructions and numbered memoranda;

(c) Blood glucose monitors requiring special features;

(d) Certain equipment rentals and certain prosthetic limbs, as specified in MAA's published issuances, including billing instructions and numbered memoranda;

(e) Decubitus care products and supplies;

(g) Decubitus care mattresses, including flotation or gel mattress, if the provider fails to meet the criteria in WAC 388-543-1900;

(g) Equipment parts and labor charges for repairs or modifications and related services;

(h) Hospital beds, if the provider fails to meet the requirements in WAC 388-543-1900;

(i) Low air loss flotation system, if the provider fails to meet the requirements in WAC 388-543-1900;

(j) Orthopedic shoes and selected orthotics;

(k) Osteogenic stimulator, noninvasive, if the provider fails to meet the requirements in WAC 388-543-1900;

(l) Positioning car seats for children under five years of age;

(m) Transcutaneous electrical nerve stimulators, if the provider fails to meet the requirements in WAC 388-543-1900;

(n) Wheelchairs, wheelchair accessories, wheelchair modifications, air, foam, and gel cushions, and repairs;

(o) Wheelchair-style shower/commode chairs;

(p) Other DME not specifically listed in MAA's published issuances, including billing instructions and numbered memoranda, and submitted as a miscellaneous procedure code; and

(q) Limitation extensions.

(Emphasis added.)

WAC 388-543-1225 states:

Provider requirements.

(1) Providers and suppliers of durable medical equipment (DME) and related supplies, prosthetics and orthotics, medical supplies and related items must meet the general provider documentation and record retention requirements in WAC 388-502-0020. In addition to these requirements, the medical assistance administration (MAA) requires providers to furnish, upon request, documentation of proof of delivery as stated in subsections (2) and (3) of this section.

(2) When a provider delivers an item directly to the client or the client's authorized representative, the provider must be able to furnish proof of delivery when MAA requests that information. All of the following apply:

(a) MAA requires a delivery slip as proof of delivery, and it must:

(i) Be signed and dated by the client or the client's authorized representative (the date of signature must be the date the item was received);

(ii) Include the client's name and a detailed description of the item(s) delivered, including the quantity and brand name . . . .

WAC 388-502-0100 states:

General conditions of payment.

(1) The department reimburses for medical services furnished to an eligible client when all of the following apply:

(a) The service is within the scope of care of the client's medical assistance program;

(b) The service is medically or dentally necessary;

(c) The service is properly authorized;

WAC 388-543-1100 states:

> Scope of coverage and coverage limitations for DME and related supplies, prosthetics, orthotics, medical supplies and related services.
>
> > The federal government deems durable medical equipment (DME) and related supplies, prosthetics, orthotics, and medical supplies as optional services under the Medicaid program, except when prescribed as an integral part of an approved plan of treatment under the home health program or required under the early and periodic screening, diagnosis and treatment (EPSDT) program. The department may reduce or eliminate coverage for optional services, consistent with legislative appropriations.
> >
> > > (1) The medical assistance administration (MAA) covers DME and related supplies, prosthetics, orthotics, medical supplies, related services, repairs and labor charges when all of the following apply. They must be:
> > >
> > > > (a) Within the scope of an eligible client's medical care program;
> > > > (b) Within accepted medical or physical medicine community standards of practice;
> > > >
> > > > (c) Prior authorized as described in WAC 388-543-1600;
> > > >
> > > > (d) Prescribed by a qualified provider, acting within the scope of the provider's practice. The prescription must state the specific item or service requested, diagnosis, prognosis, estimated length of need (weeks or months, not to exceed six months before being reevaluated), and quantity;
> > > >
> > > > (e) Billed to the department as the payer of last resort only. MAA does not pay first and then collect from Medicare . . .
> > >
> > > (10) MAA covers the following categories of medical equipment and supplies only when they are medically necessary, prescribed by a physician or other licensed practitioner of the healing arts, are within the scope of his or her practice as defined by state law, and are subject to the provisions of this chapter and related WACs:
> > >
> > > > (a) Equipment and supplies prescribed in accordance with an approved plan of treatment under the home health program;
> > > >
> > > > (b) Wheelchairs and other DME . . . .

06-07 The Department of Social and Health Services, Health and Recovery Services Administration, is not complying with federal requirements to defer Medicaid expenditures related to undocumented aliens as instructed by the Centers for Medicare and Medicaid Services.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Reporting & Activities Allowed and Unallowed
Questioned Cost Amount:	$40,564

Background

The federal government requires states to report expenditures for medical assistance and administrative costs quarterly. This report is referred to as the CMS-64. The federal government reimburses states for a defined percentage of expenditures based on the information submitted in this claim form. Line 6, item 27, which is entitled *Emergency Services Undocumented Aliens* on the claim, is to be used to report allowable emergency expenditures for undocumented aliens.

In our audits of state fiscal years 2003 and 2004, we found the Administration was not reporting payments for alien emergency medical services on the claim form as required. Instead, it combined payments for both allowable emergency medical and unallowable non-emergency services and reported that amount in other categories of the form as allowable expenditures.

On May 6, 2005, the Centers for Medicare and Medicaid Services directed the Department not to draw any funds for emergency services for undocumented aliens from the annual grant until the federal government reviewed the expenditures being claimed by the Administration. However, in our audit of state fiscal year 2005, we found funds were still being drawn and expenditures for undocumented aliens were being commingled with the expenditures of eligible clients on the claim. The state reported in its response to our finding that it had received clarification from the Centers that labor and delivery charges are excluded from the deferral.

During that audit, we also found the Department had no coding in its accounting records to differentiate emergency services from non-emergency services for undocumented aliens.

Description of Condition

During our audit of fiscal year 2005, the Department reported it had improved its reporting and monitoring procedures of expenditures related to the weaknesses we found in our previous audit for both non-pregnant and pregnant undocumented aliens. We reviewed these controls for our current audit and found:

For the non-pregnant group:

Every week, the Department draws federal funds based on its Medicaid expenditures for that week. These funds include expenditures for the non-pregnant group. Once a quarter, the Department transfers that portion of the weekly draws attributable to this group's expenditures to state-only funds, effectively repaying the federal

government at the end of a quarter. The Department reported this process will continue until the outcome of the deferral set by the Centers is resolved. A record of these expenditures is kept in a separate account.

An improvement that we have seen is that the Department has taken steps to establish coding in its accounting records to differentiate between services to non-pregnant undocumented aliens and non-citizen pregnant women. However, weaknesses continue:

- The account coding still does not differentiate between emergent and non-emergent services.
- No monitoring functions are performed for this group.

For the pregnant group:

As with the non-pregnant group, every week the Department draws federal funds based on Medicaid expenditures for that week. These funds include expenditures for undocumented alien pregnant women. For expenditures attributable to pregnant clients, however, once a quarter the Department reviews this group's expenditures and identifies those with diagnosis codes that have "labor and delivery" in the description. The money for these expenditures is retained by the state. The Department stated it received permission from the Centers not to defer these funds.

The Department reported that Medicaid expenditures, both pregnancy and non-pregnancy related, made on behalf of pregnant undocumented alien women, culminating in a birth, are transferred to the State Children's Health Insurance program, another federal program.

Our audit found an improvement in this area in that the Department monitors to ensure labor and delivery costs are identified.

However, we also saw weaknesses. The Department:

- Includes, in its claims for reimbursement, labor and delivery codes that are not solely for the delivery of the baby, but for other routine pregnancy care.
- Reports all expenditures related to these codes on the claim to the federal government and commingles them with expenditures reserved for citizens, instead of on Line 6, Item 27.
- Has no effective controls to ensure that unallowable expenditures related to undocumented aliens are not paid by Medicaid.

Cause of Condition

The Department:

- Believes use of Medicaid funds that will eventually be reimbursed by another federal program is allowable even though such expenditures are not allowable for the federal Medicaid program.
- Believes that a child born to a non-citizen pregnant woman is automatically eligible for Medicaid even though the mother was not eligible for Medicaid.
- Has not developed account coding to differentiate between emergent and non-emergent services for undocumented alien clients so these expenditures can be reported accurately on the claim to the federal government.

Effect of Condition

For the non-pregnant group:

- If the federal government rescinds the deferral and allows the money paid for undocumented alien services that was previously incurred, our audit work showing $1,856,037 in costs paid on behalf of 54 clients for the period between July 1, 2005, and December 31, 2005, would be unallowable. Of this, $928,018 would be paid with federal funds.

- The state is drawing, weekly, funds for expenditures that should have been deferred and has the use of these federal funds for at least a quarter prior to repayment to the federal government.

For the pregnant group:

- The claim form filed quarterly to the federal government is not accurate.

- Unallowable Medicaid expenditures are being transferred to another federal program for refunding.

- Federal Medicaid funds continue to pay for all expenditures incurred by pregnant undocumented alien women. This includes allowable services such as labor and delivery and unallowable routine pregnancy procedures and other services not related to pregnancy, such as dental and vision care.

- The state has use of federal funds for a minimum of a quarter for expenditures that are unallowable under federal Medicaid regulations. For the 55 clients that we reviewed in this group, we found:

    - $60,228 in questioned costs for routine pregnancy care. Of this, $30,114 was paid with federal funds.

    - $20,901 in questioned costs for non-emergent, non-pregnancy services. Of this, $10,450 was paid with federal funds.

    - $896,484 in costs that the Department was unable to identify allowable vs. unallowable costs as not enough information was available in its records. Of this, $448,242 was paid with federal funds. We are reporting these as costs at risk.

    - $56,436 in costs that the Medicaid program paid for medical services to newborns born to undocumented alien women. We are reporting these as costs at risk.

For both groups, although the directive by the federal government to defer drawing funds for undocumented alien clients is still in effect, the state continues to draw federal funds for non-emergent services rendered to undocumented alien clients. This could jeopardize future federal funding for the Medicaid program.

Recommendation

We recommend the Department:

- Carefully follow the federal directive of May 6, 2005, regarding drawing federal funds for emergency services rendered to undocumented aliens.

- Develop account coding to differentiate emergency from non-emergency services for undocumented aliens so that when reimbursements for these services are again allowed, the accurate amount of funds can be drawn and reported on the Medicaid claim.

- Work with the US Department of Health and Human Services to determine if any un-deferred costs or unallowable costs charged to Medicaid must be returned.

Department's Response

The Health and Recovery Services Administration (HRSA) partially agrees with the auditor's finding. Discussion of each recommendation follows.

- *Carefully follow the federal directive of May 6, 2005 regarding drawing federal funds for emergency services rendered to undocumented aliens:*

HRSA intends to comply with the directive with respect to non-pregnant aliens. HRSA already complies with the directive for pregnant aliens.

For the Non-Pregnant group: *HRSA has coordinated with the Office of Accounting Services, (OAS) to both set up unique account coding for Alien Emergency Medical (AEM) charges, and change the frequency of adjustments that move these charges from federal funds to state funds. In the past these adjustments were done once a quarter, just prior to preparing the CMS 64 report. The Department will now make monthly adjustments. Because OAS draws Title XIX revenue once a week, they will use the unique cost allocation coding that has been established to avoid drawing any federal revenue for AEM expenditures during the time period between when the expenditures are incurred and the adjustment takes place. This will ensure that Medicaid funds are used for allowable expenditures only. (Completion date - January 31, 2007)*

For the Pregnant group: *HRSA currently complies with the federal directive regarding drawing federal funds for pregnant alien women. Beginning with State Fiscal Year 2007, only labor and delivery claims are being charged to Title XIX. These claims are being identified by their Diagnostic Related Group for inpatient hospital claims or by diagnosis code for physician and other ancillary claims. All non-labor and delivery claims for Pregnant Alien women except pregnancy related claims are charged to State-only funds. The prenatal claims are identified and moved from state dollars to Title XXI (SCHIP) only if there are related labor and delivery claim for the births. This procedure was specifically approved by the Centers for Medicare and Medicaid Services (CMS) in writing. A copy of the approval was provided to the auditor.*

- *Develop account coding to differentiate emergency from non-emergency services for undocumented aliens so that when reimbursements for these services are again allowed, the accurate amount of funds can be drawn and reported on the Medicaid claim:*

HRSA fully intends to comply with the Office of Inspector General's (OIG) audit report once it is completed. It will provide guidance to differentiate between emergent and non-emergent services.

- *Work with the US Department of Health and Human Services to determine if any un-deferred costs or unallowable costs charged to Medicaid must be returned:*

When the OIG audit report is completed, HRSA will work with CMS to identify unallowable costs in the AEM program and return those funds in a timely manner to the federal government.

Auditor's Concluding Remarks

We thank the Department for its response. We will follow up in this area during our next audit.

Applicable Laws and Regulations

The state of Washington's Office of Financial Management's *State Administrative and Accounting Manual*, Section 50.30.45.2, describes the reporting responsibilities of state agencies that administer or expend federal awards:

> Identify, account for, and report all expenditures of federal awards in accordance with laws, regulations, contract and grant agreements, and requirements included in this and other sections of the OFM *State Administrative and Accounting Manual***.**

Title 45, Code of Federal Regulations, Section 92.20(a), states:

> A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds.

Title 42, Code of Federal Regulations, Section 430.30(c) states:

> Expenditure reports (1) The State must submit Form CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) to the central office (with a copy to the regional office) not later than 30 days after the end of each quarter. (2) This report is the State's accounting of actual recorded expenditures. The disposition of Federal funds may not be reported on the basis of estimates.

The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Subpart C, Section .300 states:

> 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 . . . .

45CFR74.21 (b)(3) Standards for financial management systems states in part:

> . . . Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes . . . .

OMB Circular A-87 (Revised) Section C (Basic Guidelines) Item 3.c (Allocable Costs) states in part:

> Any cost allocable to a particular Federal award or cost objective under the principles provided for in this Circular may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.

42 Code of Federal Regulations, Section 440.255, Limited services available to certain aliens, states in part:

(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) . . .

. . . (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 Sections 435.406(c) and 436.406(c) of this subpart.

42 U.S.C. Section 1396(b) states in part:

(1) No payment may be made to a State under this section for medical assistance furnished to an alien who is not lawfully admitted for permanent residence or other wise permanently residing in the United States under color of law.

(2) Payment shall be made under this section for care and services that are furnished to an alien described in paragraph (1) only if-

(A) such care and services are necessary for the treatment of an emergency medical condition of the alien,

(B) such alien otherwise meets the eligibility requirement for medical assistance . . . and

(C) such care and services are not related to an organ transplant procedure.

Code of Federal Regulations, Section 435.117, Newborn children, states:

(a) The agency must provide categorically needy Medicaid eligibility to a child born to a woman who is eligible as categorically needy and is receiving Medicaid on the date of the child's birth. The child is deemed to have applied and been found eligible for Medicaid on the date of birth and remains eligible as categorically needy for one year so long as the woman remains eligible as categorically needy and the child is a member of the woman's household. If the mother's basis of eligibility changes to medically needy, the child is eligible as medically needy under Section 435.301(b)(1)(iii). (b) The requirements under paragraph (a) of this section apply to children born on or after October 1, 1984.

Washington Administrative Code 388-500-0005 describes emergency services as follows:

> 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:
>
> > Placing the patient's health in serious jeopardy;
> > Serious impairment to bodily functions; or
> > Serious dysfunction of any bodily organ or part.

Washington Administrative Code 388-500-0005 also defines emergency medical expense requirements as follows:

> A specified amount of expenses for ambulance, emergency room or hospital services, including physician services in hospital, incurred for an emergency medical condition that a client must incur prior to certification for the medically indigent program.

The Department's *A-Z Eligibility Manual* describes what constitutes an emergency medical condition. It states, in part:

> 1 . . . In order to be eligible for the Alien Emergency Medical (AEM) program, a person must: . . .
>
> > a. Have an emergency medical condition. (Refer to the list of emergency medical conditions in the Medically Indigent section) . . . .

Washington Administrative Code 388-438-0110 describes alien emergency medical as follows:

> An alien, who is not eligible for other medical programs, is eligible for emergency medical care and services:
>
> > (1) Regardless of their date of arrival in the United States;
> >
> > (2) Except for citizenship, meets Medicaid eligibility requirements as described in Washington Administrative Code 388-505-0210, 388-505-0220 or Washington Administrative Code 388-505-0110; and
> >
> > (3) Limited to the necessary treatment of an alien's emergency medical condition as defined in Washington Administrative Code 388-500-0005, except that organ transplants and related medical care services are not covered.

Washington Administrative Code 388-424-0010 describes alien status and eligibility requirements for medical benefits. Paragraph (3) states the extent of those services:

> An alien, who would qualify for Medicaid benefits but is ineligible solely because of his or her alien status, can receive medical coverage as follows:
>
> > (a) State-funded categorically needy (CN) scope of care for . . .
> >
> > > (i) Pregnant women, as specified in Washington Administrative Code 388-462-0015.

Administrative Code 388-462-0015 (4) states that care to pregnant women who do not meet eligibility requirements due to citizenship status will be provided under state funded programs only:

> A pregnant woman is eligible for CN scope of care under the state-funded pregnant woman program if she is not eligible for programs in subsection (2) of this section due to citizenship, immigrant or Social Security Number requirements.

RCW 74.04.050, Department to administer public assistance programs, states:

> The department shall serve as the single state agency to administer public assistance. The department is hereby empowered and authorized to cooperate in the administration of such federal laws, consistent with the public assistance laws of this state, as may be necessary to qualify for federal funds for:
>
> > (1) Medical assistance;
> > (2) Aid to dependent children;
> > (3) Child welfare services; and
> > (4) Any other programs of public assistance for which provision for federal grants or funds may from time to time be made.
>
> The state hereby accepts and assents to all the present provisions of the federal law under which federal grants or funds, goods, commodities and services are extended to the state for the support of programs administered by the department, and to such additional legislation as may subsequently be enacted as is not inconsistent with the purposes of this title, authorizing public welfare and assistance activities. The provisions of this title shall be so administered as to conform with federal requirements with respect to eligibility for the receipt of federal grants or funds . . . .

RCW 74.04.055, Cooperation with federal government -- Construction -- Conflict with federal requirements, states:

> In furtherance of the policy of this state to cooperate with the federal government in the programs included in this title the secretary shall issue such rules and regulations as may become necessary to entitle this state to participate in federal grants-in-aid, goods, commodities and services unless the same be expressly prohibited by this title. Any section or provision of this title which may be susceptible to more than one construction shall be interpreted in favor of the construction most likely to satisfy federal laws entitling this state to receive federal matching or other funds for the various programs of public assistance. If any part of this chapter is found to be in conflict with federal requirements which are a prescribed condition to the receipts of federal funds to the state, the conflicting part of this chapter is hereby inoperative solely to the extent of the conflict with respect to the agencies directly affected, and such finding or determination shall not affect the operation of the remainder of this chapter.

RCW 74.09.530, Medical assistance -- Powers and duties of department, states:

> The amount and nature of medical assistance and the determination of eligibility of recipients for medical assistance shall be the responsibility of the department of social and health services. The department shall establish reasonable standards of assistance and resource and income exemptions which shall be consistent with the provisions of the Social Security Act and with the regulations of the secretary of health, education and welfare for determining eligibility of individuals for medical assistance and the extent of such assistance to the extent that funds are available from the state and federal government. The department shall not consider resources in determining continuing eligibility for recipients eligible under section 1931 of the social security act.

Federal Findings and Questioned Costs - continued

The federal directive of May 6, 2005 regarding drawing federal funds for emergency services rendered to undocumented aliens:

May 6, 2005

Douglas Porter, Assistant Secretary, Medical Assistance Administration
Department of Social and Health Services
P.O. Box 45080
Olympia, Washington 98504-5080
WA-2005-1-E-01-MAP

Dear Mr. Porter:

This letter is written to notify you that a deferral in the amount of $3,636,690 Federal Financial Participation (FFP) has been made in your annual grant award for FY 2005, initially issued October 1, 2004 and subsequently revised in January 1, 2005 and January 12, 2005. The claim in question was included on line 6 of the Quarterly Statement of Expenditures for the Medical Assistance Program (form CMS-64) for the quarter ended December 31, 2004.

The claim was for emergency services for undocumented aliens, and was reported on line 6, Expenditures in This Quarter, on the CMS-64. Your office needs to provide us with the necessary documentation in support of the expenditures in order for us to determine the allowability of the claim.

CMS recently provided the State of Washington (an annual grant award state) with an estimated FY 2005 Medicaid grant award. Your are advised not to draw funds for emergency services for undocumented aliens from this award because CMS will not provide funding for these expenditures nor approve reimbursement for these claims via the CMS-64 Quarterly Statement of Expenditures Report process until final resolution of this issue.

In accordance with 42 CFR 430.40 the above requested documentation should be made available to us in readily reviewable form within 60 days from the receipt of this letter. The required information should be submitted to the Seattle Regional Office. If more time is needed to have the documents and materials available for review; you may request an extension of 60 additional days. If you have any questions pertaining to this matter, please contact John Lynch at (206) 615-2357.

Sincerely,

Karen S. O'Connor
Associate Regional Administrator, Division of Medicaid and Children's Health

cc: Susan Lucas, Director, Division of Budget & Finance, MAA
Mariann Schols, Acting Chief, Office of Accounting Services

06-08 The Department of Social and Health Services paid providers with Medicaid funds through the Social Services Payment System for services to clients using Social Security numbers belonging to deceased persons.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Eligibility
Questioned Cost Amount:	$22,344

Background

While most Department of Social and Health Services payments to providers from Medicaid funds are processed through the Medicaid Management Information System, some are processed through the Social Services Payment System (SSPS). Medicaid program services paid through SSPS include the Community Options Program Entry System, Supported Living Services and Medicaid Personal Care. Eligibility for these Medicaid programs is based on many factors; however, in general, a valid Social Security number is required, even for children.

In our fiscal year 2004 and 2005 Medicaid and State of Washington Single Audit reports, we described concerns about payments to providers for clients whose Social Security numbers were the same as people reported as deceased in the Social Security Administration's Death Index.

Description of Condition

During our current audit, we found 334 clients with payments totaling over $1.6 million whose Social Security numbers matched those of deceased persons. We selected 117 of those clients for review. The payments attributed to their care were $896,888.

We found:

- $4,899 in costs was allowable. Although most of the payments were authorized after the individuals' date of death, services were actually rendered prior to death. Many of these payments consisted of training costs to caregivers.

- The Department concurred that $32,399 in payments were not allowable and has initiated efforts to recoup these overpayments. As a result of its investigation of the exceptions raised by the Auditor, the Department has determined it will attempt to recoup an additional $5,634 in overpayments to certain providers.

- $814,903 in costs were initially determined to be exceptions as the payment system from which we obtained our testing data reported a Social Security number of a deceased person. However, the Department was able to show us that it had obtained, prior to our audit, a valid Social Security number for those clients for which these payments were made. We found the Department's eligibility system does not communicate with its payment system. While we recognize these costs to be an indicator of significant computer issues, we do not question them for our eligibility testing.

- $44,687 in payments to providers indicated their services were rendered after a client's date of death. For these transactions, the Department could not provide support that the services were provided to the client while living.

Cause of Condition

- The Department is largely dependent on the provider or family members to report a client's death.
- The Department does not verify a client's Social Security number upon application to the Medicaid program to ensure that each Social Security number provided by a client was issued to that individual.

Effect of Condition and Questioned Costs

Failing to verify Social Security numbers can lead to the enrollment of individuals ineligible for Medicaid. Such practices may cause the Department to violate federal and state laws.

Costs for medical services made on behalf of clients without valid Social Security numbers are not eligible for federal matching funds.

Questioned costs as a result of this issue totaled $44,687. Of that, $22,344 is federal funds.

Recommendation

We recommend the Department develop and follow procedures that:

- Require staff to verify Social Security numbers for all Medicaid clients at initial application through the use of the State On-line Query.
- Work with the U.S. Department of Health and Human Services to determine if any unallowable costs must be reimbursed.

Department's Response

The Department concurs with the auditor's recommendation that staff be required to verify Social Security numbers on-line, through the use of the State On-line Query (SOLQ).

The Department's current verification procedures use SOLQ as a standard of practice to verify clients' SSN at the time of financial eligibility determination in ACES.

For the majority of exceptions identified by the auditor, the department was able to verify that the social security number in ACEs was correct at the time payments were made. Most of the errors in the payment system data can be attributed to data entry type errors.

The Department will re-issue the Management Bulletin (last sent to field staff on April 5, 2006) reminding them of SSN verification requirements and the importance of accuracy when entering data into the payment system.

The Department concurs with the auditor's recommendation to work with the U.S. Department of Health and Human Services to determine if any unallowable costs must be reimbursed.

Auditor's Concluding Remarks

We thank the Department for its response. We will follow up in this area during our next audit.

Applicable Laws and Regulations

The Code of Federal Regulations is explicit in its directives regarding obtaining and verifying Social Security numbers as a condition of Medicaid eligibility. 42 CFR 435.910 (a) specifically states in part:

> The agency must require, as a condition of eligibility that each individual (including children) requesting Medicaid services furnish each of his or her social security numbers . . . .

Regarding the agency's responsibility for the verification of SSNs, 42 CFR 435.910 (g) states:

> The agency must verify each SSN of each applicant and recipient with SSA, as prescribed by the commissioner, to insure that each SSN furnished was issued to that individual and to determine whether any others were issued.

If a Medicaid applicant cannot remember or has not been issued a Social Security number, 42 CFR 435.910 (e) (1-3) states that 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.

For the re-determination of Medicaid eligibility and social security numbers, the regulations are also quite precise. 42 CFR 435.916 (a) states in part:

> The agency must re-determine the eligibility of Medicaid recipients, with respect to circumstances that may change, at least every 12 months . . .

42 CFR 435.920 (a-c) continues:

> (a) In re-determining eligibility, the agency must review case records to determine whether they contain the recipient'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 recipient to furnish them and meet other requirements of 435.910.

If the agency initially established eligibility without verification of the Social Security number, 42 CFR 435.920 (c) requires:

> For any recipient whose SSN was established as part of the case record without evidence required under the SSN regulations as to age, citizenship, alien status, or true identity, the agency must obtain verification of these factors in accordance with 435.910.

The Medicaid State Plan incorporates the above references as applicable to Washington State's coverage and eligibility criteria when it states the following:

> The Medicaid agency meets all requirements of 42 CFR Part 435, Subpart J for processing applications, determining eligibility, and furnishing Medicaid.

06-09 The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, are not ensuring compliance with federal law regarding hospital surveys.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Special Tests and Provisions: Provider Health & Safety
Questioned Cost Amount:	None

Background

Hospitals statewide received more than $654 million in state and federal Medicaid funds in calendar year 2005 for services to Medicaid clients. Federal regulations require states to ensure healthcare facilities meet prescribed health and safety standards to be eligible for federal reimbursement. The Department of Social and Health Services, Health and Recovery Services Administration, relies on the Department of Health to perform these surveys.

The federal government has developed Conditions of Participation that hospitals must meet in order to participate in the Medicaid program. These standards are designed to protect the health and safety of patients. In order to be eligible for federal matching funds for reimbursements to Medicaid providers, the Department of Social and Health Services must ensure these standards are met. Federal regulations state compliance with the Conditions of Participation must be ensured and that the Medicaid agency must designate the forms, methods and procedures to be used by the surveying agency when determining compliance. Additionally, the surveying agency must retain documentation and note whether each inspection requirement was met.

Conditions of Participation for hospitals are made up of 29 areas related to all aspects of patient care, including patients' rights, staffing and infection control, and requirements for each type of service the hospital offers.

Description of Condition

During our current audit, we found no changes in the condition that we reported in our audit of fiscal year 2005. Although required to do so by federal regulation, the Department of Social and Health Services' agreement with the Department of Health does not include all of the methods and procedures for completing survey reports.

The Department of Health could not provide documentation supporting that its employees had conducted surveys according to federal regulations. Specifically, we found that the Department of Health did not:

- Note whether each inspection requirement was met.

- Keep on file all information used in determining whether participating facilities met Federal requirements. This particular condition precluded us from performing compliance testing to determine whether all conditions of participation were reviewed as federal regulations require.

Cause of Condition

The Centers for Medicare and Medicaid Services does not provide states with instructions consistent with federal Medicaid laws regarding surveys of hospitals receiving Medicaid funds.

The Departments believe they are required to follow the Centers' reporting requirements for this area. In following these requirements they also believe that they are in compliance with federal Medicaid laws.

The Department of Health does not have policies and procedures requiring surveyors to retain all records supporting hospital survey results.

Effect of Condition

Survey activities that are not performed according to federal requirements leave Medicaid clients vulnerable to substandard care. The state is paying hospitals for services to Medicaid clients with little assurance the services provided are meeting health standards and regulatory requirements.

When the Department of Health does not retain supporting documents for its surveys, we are unable to determine whether it has complied with federal requirements. Not retaining survey records is a violation of federal regulations and could jeopardize future Medicaid funding.

Payments to the hospitals for the period January 1, 2005, through December 31, 2005, were at least $654,174,179. Of this, $327,085,589 was paid with federal funds and the remainder with state funds. We are reporting these as the costs the Department may not have spent in accordance with federal Medicaid laws and regulations due to internal control and monitoring issues. If such disbursements were tested to the transaction level, all or part of these payments may be found to be unallowable and thus not eligible for federal matching funds.

Recommendation

We recommend:

- The Centers provide states with instructions that are consistent with federal Medicaid laws regarding surveys of hospitals receiving Medicaid funds.
- The Department of Social and Health Services designate the forms, methods and procedures that must be used by the Health Department when determining hospital providers' compliance with the federal Conditions of Participation.
- The Department of Health follow procedures provided by the Department of Social and Health Services to ensure hospitals comply with the Conditions of Participation.
- The Department of Social and Health Services monitor the Department of Health's compliance with survey procedures.
- The Department of Health retains all records supporting the result of surveys.

Departments' Response

Department of Health

We are concerned that the Auditor's Office interpretation of 42 CFR 431.610 (f) is without contextual reference to 42 CFR 488 Survey, Certification, and Enforcement Procedures, specifically 42 CFR 488.18 Documentation of Findings. This cites in detail the documentation requirements for the survey process.

In addition, 42 CFR 488.26 (d) clearly directs that the state survey agency must use the survey methods, procedures, and forms that are prescribed by Centers for Medicare & Medicaid Services (CMS). CMS guidance is composed of the State Operations Manual (SOM) and other directives including documentation retention policies.

CFR 431.610(f) (2) (ii) states that inspectors will note on completed reports whether or not each requirement for which an inspection is made is satisfied. The State Auditor's Office is interpreting this to mean that documentation must be provided on survey reports that each survey requirement was performed. This is a subtle but important difference. We believe that Chapter 2 of the State Operations Manual §2728 provides the administrative guidance for this requirement when an entity is in compliance with all conditions of participation. Further direction is provided under §2728A if deficiencies are noted.

Federal law and administrative guidance do not include a clear requirement for the retention of surveyor field notes for the purposes of supporting prescribed survey report formats outside of an administrative appeal or legal challenge. Surveyor's notes, rough copy survey report forms, and other work papers which are merged into and superseded by a final product are specifically excluded from CMS State Survey Agency Record Retention policies.

In an effort to ensure that our agency is in compliance with federal law, we have presented our questions to the Heath and Human Services (HHS) Office of Inspector General in Washington, D.C. After review by high-ranking officials in the OIG Office of Audit Services, we were directed to forward our questions to the Regional Office of the federal Centers for Medicare & Medicaid Services (CMS).

*After conferring with the Regional Office of the federal CMS and explaining our position, we have been told that our current process is in compliance with federal law. Any assertion that the Department of Health is placing Medicaid clients at risk for substandard care is erroneous. In addition, the classification of funds provided to hospitals as "**at risk**" due to the current Department of Health survey process is also incorrect.*

CMS has communicated that the Department of Health is in compliance with applicable federal law to the State Auditor's Office through the HHS Division of Financial Management. The CMS response was as follows:

> *Concur with the state's response to the findings. For clarification, any direction or directive provided to the state agency cascades from the Social Security Act, to the CFR, down to the State Operations Manual. If there is any perception that CMS is directing states to deviate from the law, is unfounded.*
>
> ***The state response to the finding is appropriate.***

While the document retention process endorsed by SAO is not required by federal law or rule, we share an interest in adopting best practices. It is our intention to implement a documentation retention policy consistent with the business needs of our agency.

Department of Social and Health Services

The Department of Social and Health Services concurs with the Department of Health's response. The Department of Social and Health Services will work with the Department of Health to develop an appropriate document retention policy.

Auditor's Concluding Remarks

We thank the Departments for their responses. We will follow up in this area during our next audit.

Applicable Laws and Regulations

The Yellow Book, Section 4.03 c, states one of the field work standards is:

> Sufficient, competent, and relevant evidence is to be obtained to provide a reasonable basis for the auditors' findings and conclusions.

42 CFR 431.610(f) states in part:

> Written agreement required. The plan must provide for a written agreement between the Medicaid agency and the survey agency . . . covering the activities of the survey agency in carrying out its responsibilities. The agreement must specify that:
>
> > (1) Federal requirements and the forms, methods and procedures that the Administrator designates will be used to determine provider eligibility and certification under Medicaid;
> >
> > (2) Inspectors surveying the premises of a provider will
> >
> > > (i) Complete inspection reports;
> > >
> > > (ii) Note on completed reports whether or not each requirement for which an inspection is made is satisfied;
> > >
> > > (iii) Document deficiencies in reports
> >
> > (3) The survey agency will keep on file all information and reports used in determining whether participating facilities meet Federal requirements;
> >
> > (4) The survey agency will make the information and reports required under paragraph (f) (3) of this section readily accessible to HHS and the Medicaid agency as necessary
> >
> > > (i) for meeting other requirements under the plan;
> > >
> > > (ii) for purposes consistent with the Medicaid agency's effective administration of the program.

In describing the authority of the Medicaid State Plan, Title 42 of the Code of Federal Regulations, Section 430.10 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.

The Department of Social and Health Services acknowledges the authority of the State Plan and announces its commitment to abide by it in section 1.1 of the State Plan:

> As a condition for receipt of Federal funds under title XIX of the Social Security Act, the Department of Social and Health Services submits the following State plan for the medical assistance program, and hereby agrees to administer the program in accordance with the provisions of this State plan, the requirements of titles XI and XIX of the Act, and all applicable Federal regulations and other official issuances of the Department.

42 CFR Part 482.1 - Conditions of Participation, states, in part:

> . . . (5) Section 1905(a) of the Act provides that ``medical assistance" (Medicaid) payments may be applied to various hospital services. Regulations. interpreting those provisions specify that hospitals receiving payment under Medicaid must meet the requirements for participation in Medicare . . .
>
> > (b) . . . the provisions of this part serve as the basis of survey activities for the purpose of determining whether a hospital qualifies for a provider agreement under Medicare and Medicaid . . . .

The State of Washington's Medicaid State Plan, page 42, states:

> 4.11 Relations with Standard-setting and Survey Agencies
>
> > (a) The State agencies utilized by the Secretary to determine qualifications of institutions and suppliers of services to participate in Medicare is responsible for establishing and maintaining health standards for private or public institutions . . . that provide services to Medicaid recipients. These agencies are: the Department of Social and Health Services and the Department of Health.
> >
> > (b) The State authority(ies) responsible for establishing and maintaining standards, other than those relating to health, for public and private institutions that provide services to Medicaid recipients are: the Legislature, State Board of Health, State Fire Marshall, the Department of Social and Health Services, and the Department of Health.
> >
> > (c) Attachment 4.11-A describes the standards specified in paragraphs (a) and (b) above, that are on file and made available to the Center for Medicare and Medicaid Services on request.

Federal Findings and Questioned Costs - continued

Attachment 4.11-A states:

> The standards specified in paragraphs (a) and (b) on Page 42 of the Plan are as follows:
>
> A. General Hospitals Revised Code of Washington Chapter 70.41 . . . .
>
> Regarding the Department of Health, RCW 70.41.120 states in part:
>
> The department shall make or cause to be made at least yearly an inspection of all hospitals . . . 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 . . . .

Federal Findings and Questioned Costs - continued

06-10 The Department of Social and Health Services, Aging and Disability Services Administration, does not perform certification surveys of Intermediate Care Facilities for the developmentally disabled according to federal law.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Special Tests and Provisions: Provider Health & Safety
Questioned Cost Amount:	None

Background

Intermediate care facilities for the developmentally disabled were funded by state or local government funds until 1971. That year, Congress enacted legislation that allowed states to include services to the developmentally disabled as an optional Medicaid benefit. Under the Medicaid program, states choosing to provide this optional benefit would be eligible to receive federal matching funds if the provision for such services was included in the State Plan and if the state ensured that its providers met federal health and safety requirements. Providers must qualify to render services to Medicaid clients. These qualifications include certification and compliance with a national minimum set of standards created to protect the care and rights of their clients. These standards are federally mandated and consist of eight conditions of participation which detail more than 400 standards. Certification surveys are required each year to ensure that participating facilities are in substantial compliance with these conditions.

During our audit for state fiscal year 2005, we found the Department did not perform its certification surveys of intermediate care facilities for the developmentally disabled according to federal law. During that audit, we reviewed records for 14 out of 14 facilities. We found no intermediate care facility for the developmentally disabled was surveyed according to federal regulation for state fiscal year 2005. Furthermore, the Department could not tell us the last time any of these facilities had been surveyed according to the requirements of federal law.

Description of Condition

For our current audit, the Department reported it had made no changes in the way it conducted its surveys of intermediate care facilities for the developmentally disabled. Facilities are being inspected according to the guidelines of the State Operations Manual. However, these guidelines do not require all the conditions of participation or all the standards that a facility must achieve in order to participate in the Medicaid program.

Cause of Condition

The Centers for Medicare and Medicaid Services does not provide states with instructions consistent with federal Medicaid laws regarding surveys of hospitals receiving Medicaid funds.

The Department reported it is conducting surveys according to the protocol established by the Centers as outlined in the State Operation Manual, Appendix J. The Department believes it is required to follow the Centers' reporting requirements for this area. In following these requirements, it also believes it is in compliance with federal Medicaid laws.

Effect of Condition

Survey activities that are not performed according to federal requirements leave Medicaid clients vulnerable to substandard care. The state is paying intermediate care facilities for the developmentally disabled for services to Medicaid clients without assurance the services provided are meeting health standards and regulatory requirements.

Payments to these facilities for the state fiscal year 2005 were $131,117,232. Of this, $62,998,404 was paid with federal funds and the remainder with state funds. We are reporting these as costs at risk or money the Department may not have spent in accordance with federal Medicaid laws and regulations. If survey activities were performed as required by federal regulations, all or part of these payments may be found to be unallowable and thus not eligible for federal matching funds.

Recommendation

We recommend:

- The Centers provide states with instructions that are consistent with federal Medicaid laws regarding surveys of intermediate care facilities for the developmentally disabled that receive Medicaid funds.

- The Department conduct certification surveys to include all eight conditions of participation and over 400 standards as required by federal law.

Department's Response

The Department agrees that the Centers for Medicare and Medicaid Services (CMS) should provide consistent instructions for Intermediate Care Facilities for the Mentally Retarded (ICF/MR) surveys in accordance with federal law. The Department disagrees that CMS does not do so.

As authorized by 42 USC §1302, the Secretary of the federal Department of Health and Human Services has adopted regulations consistent with the requirements of the Social Security Act. Under these rules:

- *ICF/MR providers must meet all of the certification requirements of 42 CFR 483, Subpart I; and*
- *State agencies must conduct certification surveys for ICF/MR's in accordance with 42 CFR 488.26(b)(c)(d)(e).*

During an initial certification survey the Department reviews all eight Medicaid conditions of participation, including the associated 489 standards. During the audit period there were no initial certification surveys because no applications for ICF/MR certification were submitted.

For a recertification survey, CMS has adopted specific procedures, which require state agencies to review four conditions of participation and the associated 57 standards. The procedures also give the Department the authority to expand the scope of the survey at any time, based upon survey findings or upon information from other sources. The Department continues to investigate all potential regulatory violations. CMS oversees the Department to ensure the required processes are being followed and has not identified any performance issues.

In reviewing this finding from last year's audit, the CMS regional office disagreed with the auditor's recommendations. The CMS review states, "CMS RO's [regional office] review indicates the State Agency is following Federal guidelines and applicable regulations. 42 CFR 488.26(d) states, 'The State survey agency must use the survey methods, procedures, and forms prescribed by CMS'. The CMS State Operations Manual (SOM) gives the State agency the guidelines they follow in doing their certification or recertifications."

Auditor's Concluding Remarks

We thank the Department for its response. We will follow up in this area during our next audit.

Applicable Laws and Regulations

Washington State Medicaid Plan 4.13 states:

> . . . for all providers, the requirements of 42 CFR 431.107 and 42 CFR 442 Subparts A and B (if applicable) are met.

42 CFR 488.110 relates to the outcome-oriented survey process and states in part:

> . . . Do not use this process for surveys of Intermediate Care Facilities for the Mentally Retarded (ICF/MRs) . . . ."

42 CFR 442 Subpart B, Provider Agreements, 42 CFR 442.12(a), states in part:

> . . . a Medicaid agency may not execute a provider agreement with a facility for nursing facility services nor make Medicaid payments to a facility for those services unless the Secretary or the State survey agency has certified the facility under this part to provide those services.
>
> (c)An agreement must be in accordance with the certification provisions set by the Secretary or the survey agency under subpart C of this part for ICF/MRs

42 CFR 442 Subpart C, 42 CFR 442.100 states:

> A State plan must provide that the requirements of this subpart and part 483 are met.

42 CFR 442 Subpart C, 42 CFR 442.101, states:

> (a) This section states the requirements for obtaining notice of an ICF/MR's certification before a Medicaid agency executes a provider agreement under Sec. 442.12.
>
> (b) The agency must obtain notice of certification from the Secretary for an ICF/MR located on an Indian Reservation.
>
> (c) The agency must obtain notice of certification from the survey agency for all other ICF/MR.
>
> (d) The notice must indicate that one of the following provisions pertains to the ICF/MR:
>
>> (1) An ICF/MR meets the conditions of participation set forth in subpart I of part 483 of this chapter.
>>
>> (2) The ICF/MR has been granted a waiver or variance by CMS or the survey agency under subpart I of part 483 of this chapter.
>>
>> (3) An ICF/MR has been certified with standard-level deficiencies and
>>
>>> (i) All conditions of participation are found met; and

(ii) The facility submits an acceptable plan of correction covering the remaining deficiencies, subject to other limitations specified in Sec.442.105.

42 CFR 483, Subpart I, Conditions of Participation for Intermediate Care Facilities for the Mentally Retarded,

Section 42CFR 483.400 Basis and purpose, states:

This subpart implements section 1905 (c) and (d) of the Act which gives the Secretary authority to prescribe regulations for intermediate care facility services in facilities for the mentally retarded or persons with related conditions.

Section 483.405 relationship to other HHS regulations

Section 483.410 Condition of participation: Governing body and management

Section 483.420 Condition of participation: Client protection

Section 483.430 Condition of participation: Facility Staffing

Section 483.440 Condition of participation: Active treatment services

Section 483.450 Condition of participation: Client behavior and facility practices

Section 483.460 Condition of participation: Health care services

Section 483.470 Condition of participation: Physical Environment

Section 483.480 Condition of participation: Dietetic Services

Federal Findings and Questioned Costs - continued

06-11 The Department of Social and Health Services does not have adequate internal controls to ensure clients seeking to obtain medical benefits through the Medicaid program have applied according to federal regulations.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Eligibility
Questioned Cost Amount:	None

Background

Federal regulations state the agency administering Medicaid must require a written application from each prospective client, authorized representative or, if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant. The application must be on a form prescribed by the agency for the purpose of applying for Medicaid and must be signed under a penalty of perjury. The Department of Social and Health Services uses a multiple-program application form entitled *Application for Benefits* that contains clearly identifiable Medicaid only sections that are consistent with federal regulations.

Certain circumstances allow automatic entitlement to Medicaid. For instance, the agency must not require a separate application for Medicaid from an individual receiving assistance under Temporary Aid for Needy Families or Supplemental Security Income. Newborns are exempt from the application requirement if the mother was eligible for Medicaid, receiving benefits at the time of the child's birth and the child has lived in the mother's household for the first year of life.

Federal law requires annual re-determination of Medicaid eligibility for most clients. To support this effort, the Department requires clients in the Medicaid program to complete an *Eligibility Review* form.

In Washington State, an applicant for Medicaid is not required to apply in person. Applications are accepted at the counter at a local Community Service Office, by mail or over the Internet. However, when a client applies for medical benefits, it is most often processed at a Community Service Office.

Description of Condition

The Department's computer claims system indicated that from July 1, 2005, through December 31, 2005, more than 945,000 individuals received medical services that were paid by Medicaid. Our audit attempted to determine if the Department had:

- Controls to ensure that these clients had, at one time, applied for Medicaid as federal regulations require, or
- Documentation to support the client's exemption from application.

Our audit found the Department's controls do not ensure that:

- Written applications, clearly indicating a request for Medicaid benefits and signed under penalty of perjury, are obtained where required.
- Documentation supporting initial eligibility determinations for the Medicaid program is retained.
- Management is monitoring to make certain policies and procedures pertaining to the application process are followed.

At the Department's Community Services offices located throughout the state, we found variations in how applications are processed, in management oversight and that each office is managed and run independently. While the Department's headquarters sets the policies and procedures, the administrators are free to establish procedures to suit the conditions and the clientele their office serves.

Cause of Condition

The Department:

- Reported it was unaware that the established controls were not effective.
- Believes that an *Eligibility Review* is sufficient documentation to support that an application was filed at one time.
- Reported that original documentation was discarded before the state instituted electronic and other archiving requirements.

Effect of Condition

To determine the effect of the control weaknesses that we found we randomly selected 575 clients for review. For each client we attempted to find an initial application for the person's entrance into the program that was:

- Written.
- Signed under penalty of perjury.
- Completed, including a medical section that was clearly checked and the request for benefits affirmatively checked for that particular individual.
- Readily available with all supporting documentation.

For clients for whom we could not find evidence of an application, we sought to determine if an exemption to the application process applied.

Of 575 clients reviewed, for 148 (26 percent) the Department did not have evidence showing compliance to federal Medicaid application requirements. Specifically:

- The applications for eight clients (5 percent of the exceptions) were not signed. Most of these applications were from clients who had applied over the Internet.

- For applications of 118 clients (80 percent of the exceptions), we found no indication the clients wanted medical benefits for themselves or that they were specifically exempted from application. Most of these clients requested food assistance or benefits for others in the household.

- For 19 clients (13 percent of the exceptions), we found no application to any program within the Department or any exemption to Medicaid application requirements.

- We found three clients (2 percent of the exceptions) were newborns of women who the Department could not prove were eligible for Medicaid at the time of the child's birth.

Total costs on behalf of Medicaid clients for whom the Department had no evidence to support these clients applied to the program per federal requirements were $261,645. Fifty percent of this was paid with federal funds. We are reporting these as costs at risk. Although we have no evidence that the Department complied with federal Medicaid application requirements at the time the client applied (which in some cases was years ago), we performed no tests to determine if the client is eligible to receive services for the period we tested.

Recommendation

In view of the almost one million clients the Department serves under the Medicaid program, we recommend the Department:

- Establish policies and procedures that would ensure compliance with federal Medicaid application requirements.

- Require the Community Service offices to consistently implement policies set by headquarters.

- Institute management oversight procedures at the executive level and local Office level to ensure policies are being followed.

- Work with Department of Health and Human Services to determine the corrective action that must be taken for clients who have applied for Medicaid many years before and for whom we found no evidence of proper initial application.

Department's Response

The Department partially concurs with this finding.

Of the total 500 cases audited, the Department agrees that 14 cases were in error for calendar year 2005 (11 totally ineligible and 3 ineligible for only part of the year) due to lack of valid applications covering at least one month of the audited period. This amounts to 2.8% of the audited cases or 9.4% of the cases the SAO reported as exceptions.

The Department notes that five of the fourteen errors were "Take Charge" applications, stored in medical and family planning clinics. Unfortunately, the turnaround time for the audit response prohibited retrieving the applications from those clinics. Clinic operating hours are not consistent – some clinics operate only one day per week. Had more time for audit review been possible, the Department believes the auditors would have received the applications, eliminating those errors.

The Department also notes that some errors were due to lack of signatures on applications, mainly for online applications. While the Department has an online application form that uses an electronic signature upon submission, the Department does not accept this electronic signature for Medicaid applications. The process for those submitting Medicaid applications electronically includes mailing the submitted application (or at least the application's signature page) to the client and requiring its return with a written signature.

One problem with this procedure is that applications (or signature pages) are returned with indecipherable signatures and no other identifying information. Unless the Department is able to identify the client to which the page belongs, the information cannot be stored in the correct case record. The Department added a name and case number line to each page of the revised application, effective January 1, 2007, to eliminate the identification problem. This will assist with identification of forms returned with unreadable signatures and will allow the forms to be stored in the correct case records.

The Department does not agree with the remainder of exceptions cited by the auditor. Three general categories of disagreement include:

1. *What constitutes an application for benefits?*

   The Department defines an application for medical benefits as required by federal rule (42 CFR 435.907(c)). Allowable forms include the application, eligibility review form, and the Social Security Administration (SSA) data exchange. Washington does not require an application for a newborn when the newborn's mother is receiving Medicaid at the time of birth. In many cases, a child's application is filed in the parent's file, making some of the applications appear lost to the auditor. These applications were subsequently found by the Health and Recovery Administration staff.

2. *Which benefits to consider on an application?*

   When a person requests benefits through a Community Services Office, the Department worker checks for eligibility for any services offered and considers the client for all possible assistance. Eligibility for a program does not require checking a specific benefit (or "box") on a written form. Federal rule requires that the Department furnish Medicaid promptly and regularly to all eligible individuals until they are found ineligible (42 CFR 435.930).

3. *Verification and signature requirements.*

   Clients eligible for Supplemental Security Income benefits are verified through an automated data exchange with SSA. Data received through this process has already been verified by SSA eligibility workers. This exchange constitutes verification of income from a federal agency.

   Medical eligibility review periods do not coincide with eligibility reviews for other programs such as cash or food assistance. Children are continuously eligible, meaning that a review is completed only once per year regardless of most changes in eligibility factors. The auditor said they interpreted these cases as the client "declining" medical assistance.

The following table summarizes the Department's partial disagreement on this finding:

Citation	Description	SAO # cases	SAO $ Exceptions	DSHS # cases	DSHS $ Exceptions
42 CFR 435.907b	Application not signed	8	$8,994.88	1	$433.75
42 CFR 435.909b(1)	Box not checked	19	$50,758.65	2	<$1,729.41
42 CFR 435.117a	No application, newborn	3	$4,703.10	0	0
42 CFR 435.909b(1)	No application, no exemption	118	$197,188.63	11	<$6,475.88
TOTAL		148	**$261,645.26**	**14**	**<$8,639.04**

< Accurate dollar totals unknown due to partial year eligibility of some clients.

Auditor's Concluding Remarks

We thank the Department for its response. We will follow up in this area during our next audit.

Applicable Laws and Regulations

42CFR 435.907 states in part:

> Written application.
>
> > (a) The agency must require a written application from the applicant, an authorized representative, or, if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant.
> >
> > (b) Subject to the conditions specified in paragraph (c) of this section, the application must be on a form prescribed by the agency and signed under a penalty of perjury.

42CFR 435.909 states in part:

> Automatic entitlement to Medicaid following a determination of eligibility under other programs. The agency must not require a separate application for Medicaid from an individual, if—
>
> > (a) The individual receives AFDC; or
> >
> > (b) The agency has an agreement with the Social Security Administration (SSA) under section 1634 of the Act for determining Medicaid eligibility; and—
> >
> > > (1) The individual receives SSI . . .

42CFR 435.117 states in part:

> Newborn Children.
>
> > (a) The agency must provide categorically needy Medicaid eligibility to a child born to a woman who is eligible as categorically needy and is receiving Medicaid on the date of the child's birth. The child is deemed to have applied and been found eligible for Medicaid on the date of birth and remains eligible as categorically needy for one year so long as the woman remains eligible as categorically needy and the child is a member of the woman's household . . . .

06-12 The Department of Social and Health Services, Office of Financial Recovery and Health and Recovery Services Administration, does not have adequate internal controls to ensure that final settlement amounts are refunded to the federal government and in a timely manner.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Cost Principles
Questioned Cost Amount:	None

Background

The federal Medicaid program requires quarterly federal payments to states must be adjusted for prior overpayments or underpayments. In the event of overpayment, federal regulations require the adjustment to be made within 60 days of discovery of the overpayment or within 60 days of when the receivable was established, whichever is earlier. The Department notifies the provider of the overpayment before the receivable is established.

States must refund the federal share of overpayments subject to recovery by reducing the amount claimed. If the state is unable to recover from a provider because the overpayment is a debt that has been discharged in bankruptcy or is otherwise uncollectible, the state does not have to refund the overpayment.

Description of condition

In our fiscal year 2005 audit, we found the Department did not have adequate internal controls to ensure that the federal portion of provider overpayments was refunded to the federal government as regulations require. During the current audit, we found the Department recognized this condition and started to establish new policies and procedures. However, no significant changes in the condition were made during our audit period.

Cause of Condition

- The Department did not have adequate procedures in place to ensure the federal share of overpayments is refunded within 60 days of discovery as the law requires.
- Administrations within the Department do not communicate regarding Medicaid overpayments in a timely manner.
- No one office or person monitors overpayments identified by administrations in the Department of Social and Health Services and the Medicaid Fraud Control Unit to ensure all overpayments are referred to the Office of Financial Recovery and are refunded to the federal government in an accurate and timely manner.

Effect of Condition

For the period July 1, 2005, through June 30, 2006, the Department found 142 overpayments amounting to $10,449,911. We reviewed 27 (56 percent) of these, totaling $5,904,621.60, to determine whether the federal

portion of the overpayments identified were refunded to the government and whether they were refunded within 60 days of discovery as federal regulations require.

For the overpayments reviewed our tests showed that the Department:

- Did not refund the federal portion of $438,138 in overpayments. However, after our audit work was completed, the Department reported that, of this amount, it refunded the federal portion of $322,940. We will review this during our next audit.

- Did not process $4,454,397 in overpayments within 60 days of discovery. Approximately 50 percent was paid with federal funds.

Recommendation

We recommend the Department:

- Establish and follow policies and procedures to ensure the federal share of overpayments is refunded at the end of the 60-day period following discovery.

- Establish and follow internal controls and monitoring procedures to ensure all overpayments identified by administrations in the Department of Social and Health Services and the Medicaid Fraud Control are referred to the Office of Financial Recovery and are refunded to the federal government in an accurate and timely manner.

Department's Response

The Department partially agrees with this finding. The following are responses to each condition in the finding:

The Department agrees with the cited condition that the Department did not have adequate procedures in place to ensure the federal share of overpayment was refunded within 60 days of discovery as the federal rule requires. On September 1, 2006, the Financial Services Administration (FSA) implemented the recommended Health and Recovery Services Administration's (HRSA) Administrative Policies 02-02, 02-03 and 02-04, to ensure the items noted do not reoccur. Overpayments received prior to September 1, 2006, were corrected to meet the new policy requirements on October 26, 2006. Any refunds to the CMS will occur on the next quarterly submission of the CMS 64 Report.

The Department respectfully disagrees with the cited condition that the Department does not communicate regarding Medicaid Overpayments. The following communication occurs within the Department:

- *The Office of Financial Recovery (OFR) and HRSA meet monthly to discuss future overpayments and on-going collections.*

- *FSA periodically meets with the Economic Services Administration, Aging and Disabilities Services Administration, Juvenile Rehabilitation Administration and Children's Administration to discuss future overpayments and on-going collections.*

- *The Fraud and Abuse Coordination Team (FACT) meets monthly to coordinate fraud cases. Representatives from various Department administrations that receive Medicaid funding participate in the meetings with the Medicaid Fraud Control Unit, including FSA. This is another forum for FSA to obtain information to help their overpayment collection efforts.*

The Department respectfully disagrees with the cited condition that no one office or person monitors overpayments in the Department and the Medicaid Fraud Control Unit to ensure all overpayments are referred to the OFR and refunded to the federal government in an accurate and timely manner. On December 31, 1987 the Department established Administrative Policy 10.02 to create a uniform methodology for identifying, notifying, reporting and processing all overpayments and debts from providers and vendors. This policy states that each administration is required to establish written policies and procedures regarding the identification and resolution of questionable bills from, or payments to, providers and vendors. OFR receives a copy of these policies and procedures as they are developed or modified. These policies and procedures indicate that overpayments must be referred to OFR and they must comply with all relevant laws and administrative policies. The Department believes that Administrative Policy 10.02 provides the assurance that all Department administrations will refer all Medicaid overpayments to the OFR in a timely manner.

Auditor's Concluding Remarks

We appreciate the actions taken by the Department to correct the conditions identified. We will follow up during our next audit.

Applicable Laws and Regulations

42 CFR 433.312, Basic requirements for refunds, states:

(a) Basic rules.

(1) Except as provided in paragraph (b) of this section, the Medicaid agency has 60 days from the date of discovery of an overpayment to a provider to recover or seek to recover the overpayment before the Federal share must be refunded to CMS.

(2) The agency must refund the Federal share of overpayments at the end of the 60-day period following discovery in accordance with the requirements of this subpart, whether or not the State has recovered the overpayment from the provider.

(b) Exception.

The agency is not required to refund the Federal share of an overpayment made to a provider when the State is unable to recover the overpayment amount because the provider has been determined bankrupt or out of business in accordance with Sec. 433.318.

(c) Applicability.

(1) The requirements of this subpart apply to overpayments made to Medicaid providers that occur and are discovered in any quarter that begins on or after October 1, 1985.

(2) The date upon which an overpayment occurs is the date upon which a State, using its normal method of reimbursement for a particular class of provider (e.g., check, interfund transfer), makes the payment involving unallowable costs to a provider.

42 CFR 433.318, Overpayments involving providers who are bankrupt or out of business, states:

(a) Basic rules.

(1) The agency is not required to refund the Federal share of an overpayment made to a provider as required by Sec. 433.312(a) to the extent that the State is unable to recover the overpayment because the provider has been determined bankrupt or out of business in accordance with the provisions of this section . . .

(b) Overpayment debts that the State need not refund. Overpayments are considered debts that the State is unable to recover within the 60-day period following discovery if the following criteria are met:

(1) The provider has filed for bankruptcy, as specified in paragraph (c) of this section; or

(2) The provider has gone out of business and the State is unable to locate the provider and its assets, as specified in paragraph (d) of this section . . .

(e) Circumstances requiring refunds. If the 60-day recovery period has expired before an overpayment is found to be uncollectible under the provisions of this section, if the State recovers an overpayment amount under a court-approved discharge of bankruptcy, or if a bankruptcy petition is denied, the agency must refund the Federal share of the overpayment in accordance with the procedures specified in Section 433.320.

42 CFR 433.320, Procedures for refunds to CMS, states:

(a) Basic requirements.

(1) The agency must refund the Federal share of overpayments that are subject to recovery to CMS through a credit on its Quarterly Statement of Expenditures (Form CMS-64).

(2) The Federal share of overpayments subject to recovery must be credited on the Form CMS-64 report submitted for the quarter in which the 60-day period following discovery, established in accordance with Sec. 433.316, ends.

(3) A credit on the Form CMS-64 must be made whether or not the overpayment has been recovered by the State from the provider.

(b) Effect of reporting collections and submitting reduced expenditure claims.

(1) The State is not required to refund the Federal share of an overpayment when the State reports a collection or submits an expenditure claim reduced by a discrete amount to recover an overpayment prior to the end of the 60-day period following discovery.

(2) The State is not required to report on the Form CMS-64 any collections made on overpayment amounts for which the Federal share has been refunded previously.

(3) If a State has refunded the Federal share of an overpayment as required under this subpart and the State subsequently makes recovery by reducing future provider payments by a discrete amount, the State need not reflect that reduction in its claim for Federal financial participation . . .

(d) Expiration of 60-day recovery period. If an overpayment has not been determined uncollectible in accordance with the requirements of Section 433.318 at the end of the 60-day period following discovery of the overpayment, the agency must refund the Federal share of the overpayment to CMS in accordance with the procedures specified in paragraph (a) of this section.

Federal Findings and Questioned Costs - continued

06-13 The Department of Social and Health Services, Health and Recovery Services Administration, has not established internal controls sufficient to ensure payment rates to its Healthy Options managed care providers are based on accurate data.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	Department of Social and Health Services
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Special Tests and Provisions: Managed Care
Questioned Cost Amount:	None

Background

Managed care providers receive a uniform, pre-determined, per-patient monthly rate regardless of the number of times they see a client that month and regardless of the services provided, as long as the services are covered under the plan. Although these providers are not paid based on the types of procedures, they still must report to the Administration the types of procedures they have performed. This data is to include demographic, diagnostic and geographic information, as well as actual costs on a summary level.

The Administration contracts with an actuary to analyze the data from managed care providers and to predict the cost of care for the next year. This actuary is responsible for the accuracy of the computations. From this information, the Administration determines a rate for each Healthy Options managed care plan. In general, the plans including more seriously ill people will receive higher rates and the plans including healthier people will be given lower rates.

For the past few years, the federal grantor has considered up-coding to be a significant, common risk in managed care plans. Up-coding occurs when a provider reports a higher level of service than what was actually provided. This gives the impression that the provider is treating more seriously ill people than it really is. Up-coding results in future rates being set higher than they would be if services were reported accurately.

In our fiscal year 2003 state of Washington Single Audit Report and in our fiscal years 2004 and 2005 Medicaid and state of Washington Single Audit reports, we described concerns regarding the Administration's controls to determine the accuracy of data received from providers that is used to determine the rates for its Healthy Options managed care program.

Description of Condition

During our current audit, we attempted to determine what improvements the Department had made to strengthen controls. We found the Administration does have policies and procedures that include monitoring functions required by federal regulations and the Centers for Medicare and Medicaid Services reviewed procedures and found the Administration was able to identify when managed care plans had failed to meet regulatory requirements.

However, weaknesses still exist. We found the Administration does not monitor for accuracy the data that is being sent to the actuary by the managed care plans. The Administration is depending on the plans to report accurate encounter data. It is the encounter data that is used to determine the rates the managed care will receive.

Our tests also showed the Centers for Medicare and Medicaid Services' review of the rate-setting process indicated the data obtained from the managed care plans had shortcomings that prevented it from being used directly for rate-setting purposes.

Cause of Condition

The Department reported it does not have access to the data the managed care plans send to the actuary. This is because the information is considered proprietary.

Effect of Condition

When costs are not analyzed correctly, excessive rates may be paid to managed care providers. Additionally, the effects of fraud caused by up-coding may not be realized until some time in the future, if at all.

Up-coding by managed care providers may not be subject to prosecution under the False Claim Act because the managed care plan is not receiving a benefit at the time the treatment is given.

From January 2005 through December 2005, the state made over $1 billion in payments to managed care providers, 50 percent of which was paid with federal funds. This represents the expenditures the state has made to providers and for which we have no reasonable assurance that the rate was based on accurate data. This is an increase of almost $83 million over last year for the same period.

Recommendation

We recommend the Department adequately analyze data used in rate-setting to ensure rates are set based on accurate information.

Department's Response

The Department disagrees with this finding.

The Centers for Medicare and Medicaid (CMS) has provided a review of the 2005 finding on this issue. Their conclusion indicates that the State's activities regarding managed care rates satisfy federal requirements. CMS has approved the State's managed care rates and has mandated improvements to data used for rate setting. The Department continues to work with CMS to implement improvements, while recognizing that implementation of the new Provider One information system will finally satisfy all requirements for improved managed care data.

Auditor's Concluding Remarks

We thank the Department for its response. We will follow up in this area during our next audit.

Applicable Laws and Regulations

The federal Office of Management and Budget Circular A-133 Compliance Requirement states:

> A State may obtain a waiver of statutory requirements in order to develop a system that more effectively addresses the health care needs of its population. A waiver may involve the use of a program of managed care for selected elements of the client population or allow the use of program funds to serve specified populations that would be otherwise ineligible (Sections 1115 and 1915 of the Social Security Act).

Federal Findings and Questioned Costs - continued

The March 2006 federal Office of Management and Budget Circular A-133 Compliance Supplement, page 4-93.778-6, states in part:

> The State plan must provide methods and procedures to safeguard against unnecessary utilization of care and services . . . In addition, the State must have:
>
> > (1) methods of criteria for identifying suspected fraud cases;
> >
> > (2) methods for investigating these cases; and
> >
> > (3) procedures, developed in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials.
>
> These requirements may be met by the State Medicaid agency assuming direct responsibility for assuring the requirements or by contracting with a quality improvement organization (QIO) (formerly know as peer review organization (PRO)) to perform such reviews. The reviewer must establish and use written criteria for evaluating the appropriateness and quality of Medicaid services.
>
> The State Medicaid agency must have procedures for the ongoing post-payment review, on a sample basis, for the necessity, quality, and timeliness of Medicaid services. The State Medicaid agency may conduct this review directly or may contract with a QIO.
>
> Suspected fraud identified by utilization control and program integrity should be referred to the State Medicaid Fraud Control Units.

Title 42, Code of Federal Regulations, Section 456.3, states the following as it pertains to surveillance and utilization control:

> The Medicaid agency must implement a statewide surveillance and utilization control program that -
>
> > (a) Safeguards against unnecessary or inappropriate use of Medicaid services and against excess payments;
> >
> > (b) Assesses the quality of those services;
> >
> > (c) Provides for the control of the utilization of all services provided under the plan in accordance with subpart B of this part . . . .

Federal Findings and Questioned Costs - continued

06-14 The Department of Social and Health Services does not have adequate controls to ensure home health agencies are licensed, Medicare-certified and have signed Core Provider Agreements as required by law.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Special Tests and Provisions: Provider Eligibility
Questioned Cost Amount:	None

Background

Home health care services cover a broad range of services that are offered in a client's home including skilled nursing care, paraprofessional services, custodial care and high-tech pharmaceutical services. The elderly are the primary recipients of services offered by home health care agencies. For January 1, 2005, through December 31, 2005, the Department reports it spent approximately $4.5 million for home health services. Half of these expenditures were paid with federal Medicaid funds.

A home health agency must meet four requirements in order to participate in the Medicaid program. They are:

- A Washington state business license, unless specifically exempted.
- Medicare certification.
- An in-home services license issued by the Health Department. This ensures the provider is qualified to perform the services it will render to Medicaid clients.
- A Core Provider Agreement on file with the Department.

Description of Condition

While we found improvements this year, the Department continues to have inadequate controls in place to ensure that all home health providers:

- Meet the criteria for participating in the Medicaid program prior to issuing a provider number.
- Continue to meet the requirements for participating in the Medicaid program after initial enrollment.

This condition was reported in the 2005 state of Washington Single Audit Report.

Cause of Condition

The Department states it does not have sufficient resources to establish these controls.

Effect of Condition

Our testing showed that the control weaknesses allowed at least some portion of the required documentation to be either not present, not readable or expired. We saw this for 26 out of 27 providers tested in a total population of 62 home health agencies with unique provider numbers.

Due to these control weaknesses, we do not have reasonable assurance that home health providers are meeting eligibility requirements. If home health agencies are not eligible to participate in the Medicaid program, the Department would not be entitled to receive federal matching funds for reimbursements made to these providers. Noncompliance with federal regulations could jeopardize future Medicaid funding.

Recommendation

We recommend the Department make it a priority to evaluate and improve internal controls and allocate sufficient resources to ensure all home health agencies meet the criteria for participating in the Medicaid program initially and throughout their enrollment.

Department's Response

As a result of the 2005 Medicaid SAO audit, HRSA began a project to bring all HHA licensing files up to date. Work on the project has progressed, and improvements continue to be made. Staff are ensuring that all required documents are included in the provider file. These documents are:

- *Washington State business license*
- *Medicare certification*
- *In-home services license by the Department of Health*
- *Core Provider Agreement*

In addition, staffs are ensuring that the provider's W-9 is in each file.

As part of the 2006 audit, HRSA staff supplied missing licensing documents for HHA providers to the auditor that were on file with Department of Health. These documents do exist at the State, and are being included in the HRSA licensing files as they are identified. It is expected that this activity will continue into 2007, as the files require a lot of work to be brought up to standards.

Once the files are up to date, the Department will examine procedures to confirming that existing providers continue to meet requirements.

Auditor's Concluding Remarks

We appreciate the actions taken by the Department to correct the conditions identified. We will follow up during our next regularly scheduled audit.

Applicable Laws and Regulations

<u>Core Provider Agreement</u>

42 CFR 431.107 (b) Agreements, states in part:

A state plan must provide for an agreement between the Medicaid agency and each provider or organization furnishing services under the plan in which the provider or organization agrees to:

(1) Keep any records necessary to disclose the extent of the services the provider furnishes to recipients; . . .

Department of Health In Home Service License

RCW 70.127.080, Licenses -- Application procedure and requirements, states:

(1) An applicant for an in-home services agency license shall:

(a) File a written application on a form provided by the department;

(b) Demonstrate ability to comply with this chapter and the rules adopted under this chapter;

(c) Cooperate with on-site survey conducted by the department except as provided in RCW 70.127.085

(d) Provide evidence of and maintain professional liability, public liability, and property damage insurance in an amount established by the department, based on industry standards. This subsection shall not apply to hospice agency applicants that provide hospice care without receiving compensation for delivery of services;

(e) Provide documentation of an organizational structure, and the identity of the applicant, officers, administrator, directors of clinical services, partners, managing employees, or owners of ten percent or more of the applicant's assets;

(f) File with the department for approval a description of the service area in which the applicant will operate and a description of how the applicant intends to provide management and supervision of services throughout the service area. The department shall adopt rules necessary to establish criteria for approval that are related to appropriate management and supervision of services throughout the service area. In developing the rules, the department may not establish criteria that:

(i) Limit the number or type of agencies in any service area; or

(ii) Limit the number of persons any agency may serve within its service area unless the criteria are related to the need for trained and available staff to provide services within the service area;

(g) File with the department a list of the home health, hospice, and home care services provided directly and under contract;

(h) Pay to the department a license fee as provided in RCW 70.127.090

(i) Comply with RCW 43.43.830 for criminal background checks; and

(j) Provide any other information that the department may reasonably require.

(2) A certificate of need under chapter 70.38 RCW is not required for licensure except for the operation of a hospice care center.

RCW 70.127.020, Licenses required after July 1, 1990 – Penalties, states:

(1) After July 1, 1990, a license is required for a person to advertise, operate, manage, conduct, open, or maintain an in-home services agency.

(2) An in-home services agency license is required for a nursing home, hospital, or other person that functions as a home health, hospice, hospice care center, or home care agency.

(3) Any person violating this section is guilty of a misdemeanor. Each day of a continuing violation is a separate violation.

(4) If any corporation conducts any activity for which a license is required by this chapter without the required license, it may be punished by forfeiture of its corporate charter.

(5) All fines, forfeitures, and penalties collected or assessed by a court because of a violation of this section shall be deposited in the department's local fee.

Certification

State plan approved July 11, 2003.

WAC 388-551-2200, Home health services--Eligible providers. The following may contract with MAA to provide home health services through the home health program, subject to the restrictions or limitations in this section and other applicable published WAC:

(1) A home health agency that:

(a) Is Title XVIII (Medicare) certified;

(b) Is department of health (DOH) licensed as a home health agency;

(c) Submits a completed, signed core provider agreement to MAA; and

(d) Is assigned a provider number . . . .

Federal Findings and Questioned Costs - continued

06 -15 The Department of Health does not retain documentation that would provide evidence to ensure all home health agency providers performed criminal background checks and obtained disclosures on employees having unsupervised access to vulnerable adults and children, as the law requires.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Activities Allowed or Unallowed
Questioned Cost Amount:	None

Background

Federal regulations require state authorities to establish and maintain health and other standards for institutions participating in Medicaid.

Washington State regulations require home health agencies to ensure each employee who has unsupervised access to vulnerable children and adults undergo a criminal background check and to make a full disclosure of any crimes committed prior to employment. The Department of Health, as the licensing authority, has the responsibility for ensuring home health agencies comply with this regulation.

If home health agencies have not complied with this requirement, the Department may cite the facility and could suspend or revoke the provider's license. The agency would then no longer qualify as a certified Medicare provider. If a home health provider is not Medicare certified, it cannot participate in the Medicaid program.

Federal law also requires the responsible agency to keep on file and readily accessible all information and reports used in determining whether Medicaid providers meet federal requirements.

Description of Condition

In our fiscal year 2005 audit, we found the Department significantly complied with the requirement to perform criminal background checks and disclosures for administrators of home health agencies during the licensing process. However, during that audit we saw no evidence that the Department monitors that home health agencies are performing background checks on all employees that have unsupervised access to vulnerable adults and children. This condition was reported in a finding for state fiscal year 2005.

During our current audit, we found no changes in the condition. The Department did not concur with the finding and therefore made no changes in its survey activities or its records retention policies. We were unable to review this area for compliance as the Department does not retain records to support the result of its surveys.

Cause of Condition

The Department believes it is following the Center for Medicare and Medicaid Services' reporting requirements for this area.

The Department states retaining survey records is neither necessary nor cost-effective. It reported that retaining records would not result in any additional protection for vulnerable clients of home health agencies.

Effect of Condition

When the Department does not retain supporting documents for its surveys, we are unable to determine whether it is monitoring home health agencies for compliance with the requirement to perform background checks and obtain necessary disclosures.

Not retaining survey records is a violation of federal regulations and could jeopardize future Medicaid funding.

Recommendation

We recommend the Department:

- Verify background checks and disclosure statements are completed for employees of home health agencies who have unsupervised access to children and vulnerable adults.

- Retain survey records supporting the result of its surveys.

Department's Response

The Department of Health does not retain documentation that would provide evidence to ensure all home health agency providers performed criminal background checks and obtained disclosures on employees having unsupervised access to vulnerable adults and children, as the law requires.

We are concerned that the Auditor's Office interpretation of 42 CFR 431.610 (f) is without contextual reference to 42 CFR 488 Survey, Certification, and Enforcement Procedures, specifically 42 CFR 488.18 Documentation of Findings. This cites in detail the documentation requirements for the survey process.

In addition, 42 CFR 488.26 (d) clearly directs that the state survey agency must use the survey methods, procedures, and forms that are prescribed by CMS. CMS guidance is composed of the State Operations Manual (SOM) and other directives including documentation retention policies.

To clarify, the State Auditor's Office is interpreting federal law as requiring the retention of surveyor's notes, rough copy survey report forms, and other work papers created by a surveyor during the survey process.

Our position, and that of the cognizant federal agency, is that federal law and administrative guidance do not include a clear requirement for the retention of surveyor field notes. Outside of an administrative appeal or legal challenge there is no requirement to maintain these documents for the purposes of supporting prescribed survey report formats. Surveyor's notes, rough copy survey report forms, and other work papers which are merged into a superseded by a final product are specifically excluded from CMS State Survey Agency Record Retention policies.

We compile the survey results on CMS Form 2567 for every survey event whether deficiencies were found or not. CMS Form 2567 serves as the official document of the survey event and is recorded on the national data base for use by CMS and state agencies. By nature, the current reporting format is an exception reporting process. Although exception reporting is not preferred by the State Auditor's Office it is the process currently directed by federal law.

While the document retention process endorsed by SAO is not required by federal law or rule, we share an interest in adopting best practices. It is our intention to implement a documentation retention policy consistent with the business needs of our agency.

Auditor's Concluding Remarks

We thank the Department for its response. We will follow up in this area during our next audit.

Applicable Laws and Regulations

42 CFR 484.12 (a) states in part:

> . . . The HHA and its staff must operate and furnish services in compliance with all applicable Federal, State, and local laws and regulations . . . .

42 CFR 431.610(a) states:

> (1) Section 1902(a)(9) of the Act, concerning the designation of State authorities to be responsible for establishing and maintaining health and other standards for institutions participating in Medicaid; and
>
> (2) Section 1902(a)(33) of the Act, concerning the designation of the State licensing agency to be responsible for determining whether institutions and agencies meet requirements for participation in the State's Medicaid program.

42 CFR 431.610(f)(2) states in part:

> (2) Inspectors surveying the premises of a provider will:
>
> > (i) Complete inspection reports;
> >
> > (ii) Note on completed reports whether or not each requirement for which an inspection is made is satisfied; and
> >
> > (iii) Document deficiencies in reports

42 CFR 431.610(f)(3) states in part:

> (3) The survey agency will keep on file all information and reports used in determining whether participating facilities meet Federal requirements; and
> 42 CFR 431.610(f)(4)
>
> (4) The survey agency will make the information and reports required under paragraph (f)(3) of this section readily accessible to HHS and the Medicaid agency as necessary . . . .

RCW 43.43.834(2) states:

> A business or organization shall require each applicant to disclose to the business or organization whether the applicant:
>
> > (a) Has been convicted of a crime;
> >
> > (b) Has had findings made against him or her in any civil adjudicative proceeding as defined in RCW 43.43.830; or
> >
> > (c) Has both a conviction under (a) of this subsection and findings made against him or her under (b) of this subsection.

RCW 70.127.080 states in part:

> An applicant for an in-home services agency license shall:
>
> > Comply with RCW 43.43.830-.842 for criminal background checks . . . .

RCW 43.43.842, Vulnerable adults -- Additional licensing requirements for agencies, facilities, and individuals providing services, states:

> (1)(a) The secretary of social and health services and the secretary of health shall adopt additional requirements for the licensure or relicensure of agencies, facilities, and licensed individuals who provide care and treatment to vulnerable adults, including nursing pools registered under chapter 18.52C RCW. These additional requirements shall ensure that any person associated with a licensed agency or facility having unsupervised access with a vulnerable adult shall not have been:
>
> > (i) convicted of a crime against persons as defined in RCW 43.43.830 except as provided in this section;
> >
> > (ii) convicted of crimes relating to financial exploitation as defined in RCW 43.43.830 >, except as provided in this section;
> >
> > (iii) found in any disciplinary board final decision to have abused a vulnerable adult under RCW 43.43.830 or
> >
> > (iv) the subject in a protective proceeding under chapter 74.34 RCW.
>
> (b) A person associated with a licensed agency or facility who has unsupervised access with a vulnerable adult shall make the disclosures specified in RCW 43.43.834(2). The person shall make the disclosures in writing, sign, and swear to the contents under penalty of perjury. The person shall, in the disclosures, specify all crimes against children or other persons, all crimes relating to financial exploitation, and all crimes relating to drugs as defined in RCW 43.43.830 committed by the person.

RCW 43.43.830, Background checks -- Access to children or vulnerable persons – Definitions, states in part:

> Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW 43.43.830

Federal Findings and Questioned Costs - continued

(1) "Applicant" means:

(a) Any prospective employee who will or may have unsupervised access to children under sixteen years of age or developmentally disabled persons or vulnerable adults during the course of his or her employment or involvement with the business or organization . . . .

RCW 70.127.170, Licenses -- Denial, restriction, conditions, modification, suspension, revocation -- Civil penalties, states in part:

Pursuant to chapter 34.05 RCW and RCW 70.127.180(3), the department may deny, restrict, condition, modify, suspend, or revoke a license under this chapter or, in lieu thereof or in addition thereto, assess monetary penalties of a civil nature not to exceed one thousand dollars per violation, or require a refund of any amounts billed to, and collected from, the consumer or third-party payor in any case in which it finds that the licensee, or any applicant, officer, director, partner, managing employee, or owner of ten percent or more of the applicant's or licensee's assets:

(1) Failed or refused to comply with the requirements of this chapter or the standards or rules adopted under this chapter . . . .

06-16 The Department of Social and Health Services does not have adequate controls in place to ensure providers of durable medical equipment exist, are properly licensed and have submitted accurate information.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Special Tests and Provisions: Provider Eligibility
Questioned Cost Amount:	None

Background

Durable medical equipment is equipment that can withstand repeated use, is primarily used to serve a medical purpose and is appropriate for use in the home. Examples include hospital beds, wheelchairs and oxygen delivery systems**.**

Providers of this equipment paid for through the Medicaid program must be approved by the Department of Social and Health Services. These providers submit documentation and completed agreements to the Department to verify they are able to supply certain products. The Department is responsible for reviewing the information prior to issuing a provider number for an individual or organization. This number, when accompanied by a claim and an authorization, if necessary, causes the Department's system to generate an approval and payment to the provider. For the period January 1, 2005, through December 31, 2005, the Department reported that it spent approximately $54.6 million for durable medical equipment and related supplies. Half of these expenditures were paid with federal Medicaid funds.

In our last two audits, we found the Department did not perform adequate reviews of providers to ensure the information the providers submitted was accurate and the providers were legitimate businesses prior to assigning a provider number.

Description of Condition

During our current audit, we found the Department has made progress in addressing weaknesses identified in the prior audit findings. However, most of the control weaknesses continued. We found the Department:

- Does not verify that all durable medical equipment providers continue to meet the requirements for participating in the Medicaid program after initial enrollment.
- Does not monitor providers for compliance with Core Provider Agreements.
- Does not have internal policies defining what is needed in terms of a business license for in-state and out-of-state providers.

While the Department has put in place new controls that included "drive-by" reviews to ensure durable medical equipment providers are legitimate businesses, it does not yet follow up on instances in which the providers appear not to have viable businesses.

Cause of Condition

The Department states it does not have sufficient resources to establish these controls.

Effect of Condition

Based on inquiry and observation performed in our current audit, we found that many of the control weaknesses that were evident in our testing for our fiscal year 2005 audit continued to exist. For the controls that were improved, we found lack of follow-up on the high risk situations that the Department identified.

Due to the control weaknesses, the Department cannot be sure durable medical equipment providers are meeting the requirements for eligibility and are legitimate businesses. These weaknesses could allow providers to submit fraudulent requests for payment that would not be detected in a timely manner, if at all. If durable medical equipment providers are not eligible to participate in the Medicaid program, the Department would not be entitled to receive federal matching funds for reimbursements made to such providers. Noncompliance with federal regulations could jeopardize future Medicaid funding.

Recommendation

We recommend the Department make it a priority to evaluate and improve internal controls and allocate sufficient resources to ensure all providers of durable medical equipment meet the criteria for participating in the Medicaid program initially and throughout their enrollment.

Department's Response

HRSA initiated a project to examine the files of all DME providers. This project ensures that all licensing requirements are met for all providers, identifies and collects missing business licenses and contacts providers that have not had claims in two years for possible termination. This action shows that HRSA made a priority of ensuring that all DME providers meet the criteria for participating in the Medicaid program. This activity was communicated to the auditor in follow-up to the 2005 audit. In the future, these actions will be made more streamlined by the Provider One system, which will check for expired business licenses. The department will evaluate monitoring processes once all provider files have been reviewed.

The Department now has a policy in place regarding acceptable business licenses for DME providers. This policy was established as a result of the 2005 Medicaid SAO audit and was communicated to the auditor.

During fiscal year 2006, the department implemented a plan to verify the physical locations of DME providers. That plan included building a database of DME providers for identifying, scheduling and tracking DME drive-by's and results. Subsequent to developing that plan the database was built, staff were trained, and drive-by's initiated. DME vendors that appeared questionable based on the initial drive-by review were referred for an additional follow up review to ensure the providers were truly not operating legally before termination and/or recoupment activities began. Follow up reviews are scheduled into the existing workload based on risk and materiality to the Department.

The auditor examined drive-by reviews that the State began performing in response to the 2005 Medicaid audit. Given the short period of time between initiation of the drive-by activity and the auditor's review, the process of following up and verifying the provider's status was not complete. Since that time, it has been verified that some providers initially thought not to be located where their address indicated were indeed operating legally. The Department intends to be careful not to terminate or recoup from a DME provider that is actually operating appropriately but whose address is not clear in our system.

Auditor's Concluding Remarks

We appreciate the actions taken by the Department to correct the conditions identified. We will follow up during our next regularly scheduled audit.

Applicable Laws and Regulations

The U.S. Office of Management and Budget Circular A-133 Compliance Supplement states:

> In order to receive Medicaid payments, providers of medical services furnishing services must be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program . . . and the providers must make certain disclosures to the State . . . .

Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C, Section .300, states in part:

> 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, regulation, and the provision of contracts or grant agreements that could have a material effect on each of its Federal programs . . .

State Administrative and Accounting Manual, Section 20.20.20.a, states in part:

> Each agency director is responsible for establishing and maintaining an effective system of internal control throughout the agency.

The Core Provider Agreement, paragraph 4 c., states in part:

> . . . the Provider agrees to notify the Department of any material and/or substantial changes in information contained on the enrollment application given to the Department by the Provider. This notification must be in writing within thirty (30) days of the event triggering the reporting obligation. Material and/ or substantial changes include, but are not limited to changes in:
>
> > a. Ownership
> > b. Licensure . . .
> > e. Any change in address or telephone number

WAC 388-543-1200 states in part:

Federal Findings and Questioned Costs - continued

(1) MAA requires a provider who supplies DME and related supplies, prosthetics, orthotics, medical supplies and related services to an MAA client to meet all of the following. The provider must:

(a) Have the proper business license;
(b) Have appropriately trained qualified staff; and
(c) Be certified, licensed and/or bonded if required, to perform the services billed to the department. Out-of-state prosthetic and orthotics providers must meet their state regulatory requirements.

(2) MAA may reimburse qualified providers for DME and related supplies, prosthetics, orthotics, medical supplies, repairs, and related services on a fee-for-service (FFS) basis as follows:

(a) DME providers for DME and related repair services . . . .

06-17 The Department of Social and Health Services is not adequately reviewing pharmaceutical claims to identify patterns of fraud and abuse.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Activities Allowed or Unallowed
Questioned Cost Amount:	None

Background

Federal regulations require states to perform a retrospective drug use review in order to identify patterns of fraud, abuse, gross overuse and inappropriate or medically unnecessary care among physicians, pharmacists and Medicaid recipients. This examination must include an analysis of physician's prescribing practices, drug use by individual patients and dispensing practices of pharmacies. The review must be accomplished through the Medicaid Management Information System (MMIS) through analysis of predetermined standards.

This requirement is designed to prevent payment of false pharmaceutical claims. In an effort to comply, the Department has set up 10 fields for providers to complete on claims. These fields are:

1. Patient Identification
2. Pharmacy number
3. Sale date
4. Date prescription was written
5. Quantity
6. Number of days supply
7. Amount charged
8. Prescription number
9. Drug name
10. Prescriber number

When claims are processed in the Department's computer system, the information contained in these fields is compared to predetermined standards. If the information is validated, the claim is processed and the provider is paid.

In our audit of state fiscal year 2005, we found the Department had no means of validating the prescriber number in its control system. The prescriber number is the number the practitioner obtains when it registers with the Drug Enforcement Authority. It permits physicians, dentists and other licensed practitioners to prescribe certain types of narcotics, depending on the registration they obtain. We also reported the Department had never done a retrospective drug use review of the prescriber number.

Description of Condition

During our current audit, we attempted to determine if the Department had put in place any controls to improve conditions noted in the previous year. According to its corrective action plan, the Department stated most of the improvements were made during the last month of our audit period. Since these changes were not representative of most of the time period we were reviewing, we were unable to determine their effect on the control system. However, some of the modifications the Department reported to us included:

- The system that pharmacists use to submit claims was changed so that it would verify the prescriber's number for validity and expiration when the claim is submitted.
- A computer function that prevents processing of claims from prescriber numbers that the Department knows to be invalid or to belong to veterinarians.

We were informed the Department does not plan to establish controls that would ensure the validity of Medicaid claims from Washington pharmacists for prescriptions written by prescribers licensed to practice in distant states such as Florida or New York.

Although we found evidence of a retrospective drug use review, weaknesses continue due to the lack of controls over the validity of the prescriber number field.

As a result of our prior audit, the Department selected 63 invalid prescriber numbers it found in its system and identified 15,269 claims using these numbers. Overpayment notices totaling $769,825 were sent to pharmacy providers for 219 of those claims. A process was set up that allowed the pharmacies who received a notice to send valid prescriber numbers for these claims. If valid numbers could not be obtained, then the pharmacy was required to repay the funds. For the remaining 15,015 claims that did not receive an overpayment letter, a process called "Provider Self Review" has been established to allow pharmacies on-line access to claims with invalid prescriber numbers submitted from May 2003 through November 2005. With this system, it is up to the pharmacy to determine whether a valid number can be provided or if repayment is necessary.

The Department could not tell us how many valid prescriber numbers were provided or how much money was refunded from this effort. We saw no plans for additional post-payment review that would identify other invalid prescriber numbers other than the original 63.

Cause of Condition

- With respect to controls ensuring the validity of claims having prescriber numbers for out-of-state practitioners, the Department believes it is not reasonable to deny these claims because using an out-of-state practitioner is reasonable in some instances.

- With respect to the continuing weaknesses in the retrospective drug use review, the Department reported the changes that would strengthen the controls in this area were not put in place until the last month of our audit period.

Effect of Condition

The federally required review of claims data and other records to ensure the validity of pharmaceutical claims is not effective. If controls are weak, the state cannot prevent or deter the unauthorized use of prescription medications. Such costs would be unallowable for federal Medicaid matching funds.

Recommendation

We recommend the Department

- Validate the prescriber number on all pharmaceutical claims when they are submitted.
- Continue the post-payment review process for all claims submitted with an invalid prescriber number.
- Establish a monitoring system that will ensure that providers who have submitted claims with invalid prescriber numbers will refund federal Medicaid funds.

Department's Response

The Department does not concur with this finding.

The Department has a strong retrospective utilization review program and effective system of internal controls, including the validation of Drug Enforcement Authority (DEA) numbers submitted on pharmacy Point of Sale (POS) claims. The following items demonstrate the Department's commitment to payment integrity and compliance with federal regulation:

1. *The Department's POS vendor, Affiliated Computer Services, Inc., completed a Computer Service Request (CSR) that loaded DEA numbers from the national DEA database. The CSR was implemented June 5, 2006 and the pharmacy POS system now validates against the full DEA national database at the time of adjudication. The result is that pharmacy claims are paid only if the prescriber has either a valid DEA or Medicaid provider identification number, either of which may be utilized on the claim as a valid prescriber identifier.*

2. *The Department has a procedure to block specific DEA numbers in the POS if certain conditions are met. The Department's Health and Recovery Services Administration (HRSA), Quality Management Team (QMT) follows a rigid set of procedures regarding client, prescriber and pharmacy notification. Federal Office of Inspector General (OIG) exclusion guidelines are also followed, i.e. when the OIG excludes a prescriber, Medicaid is no longer allowed to honor their prescriptions. Unlicensed medical practitioners are also blocked since they have no legal right to practice or write scripts. Prescription drug claims submitted with a blocked DEA number in the prescriber field are denied.*

3. *The Department has an active post-payment review and audit program that includes review of pharmacy claims and identification of patterns of fraud and abuse. The Department's Payment Review Program works with subject matter experts to identify patterns of fraud and abuse and determines whether to issue overpayments or refer pharmacies for audit. The Office of Payment Review and Audit conducts on-site and desk audits of pharmacy claims. In 2005, thirty-four pharmacy audits were conducted and in 2006, twenty-five were completed. None of these audits resulted in overpayments, suspensions or referrals to MFCU. Pharmacy audits measure compliance with regulations stated in the Code of Federal Regulations (CFR), Revised Code of Washington, Washington Administrative Code, and the provider's Core Provider Agreement, billing instructions, and numbered memoranda. Pharmacy audits are prioritized by area of greatest risk i.e. dollars, suspected fraud and abuse, etc.*

   When fraud or abuse is detected, pharmacies cases are referred to the Attorney General's Medicaid Fraud Control Unit (MFCU). Monthly coordination meetings between the Department and MFCU occur, as outlined in the Department's memorandum of understanding with MFCU. These meetings allow the Department and MFCU to coordinate on cases, resulting in successful prosecutions and civil overpayment recoveries.

Federal Findings and Questioned Costs - continued

4. *The Department's Payment Review Program has and continues to utilize identified invalid DEA numbers to identify overpayments and subsequently notify and recover improperly paid claims.*

5. *The Department has a rigorous and extensive Drug Utilization Review (DUR) Program and is in full compliance with 42 CFR Sec. 456.709. DUR staffs are employed by Washington State in HRSA. The Department conducts retrospective review of pharmacy claims and has an extensive program that includes direct contact with prescribers each month. A summary of Retrospective DUR during Federal Fiscal Year 2006 is available.*

Auditor's Concluding Remarks

We thank the Department for its response. We will follow up in this area during our next audit.

Applicable Laws and Regulations

42 CFR Chapter IV, Section 456.709, Retrospective drug use review, states in part:

> (a) General. The State plan must provide for a retrospective DUR program for ongoing periodic examination (no less frequently than quarterly) of claims data and other records in order to identify patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care among physicians, pharmacists, and Medicaid recipients, or associated with specific drugs or groups of drugs. This examination must involve pattern analysis, using predetermined standards, of physician prescribing practices, drug use by individual patients and, where appropriate, dispensing practices of pharmacies. This program must be provided through the State's mechanized drug claims processing and information retrieval systems approved by CMS (that is, the Medicaid Management Information System (MMIS)) or an electronic drug claims processing system that is integrated with MMIS. States that do not have MMIS systems may use existing systems provided that the results of the examination of drug claims as described in this section are integrated within their existing system.
>
> (b) Use of predetermined standards. Retrospective DUR includes, but is not limited to, using predetermined standards to monitor for the following:
>
>> (1) Therapeutic appropriateness, that is, drug prescribing and dispensing that is in conformity with the predetermined standards.
>>
>> (2) Overutilization and underutilization, as defined in Sec. 456.702.
>>
>> (3) Appropriate use of generic products, that is, use of such products in conformity with State product selection laws.
>>
>> (4) Therapeutic duplication as described in Sec. 456.705(b)(1).
>>
>> (5) Drug-disease contraindication as described in Sec. 456.705(b)(2).
>>
>> (6) Drug-drug interaction as described in Sec. 456.705(b)(3).
>>
>> (7) Incorrect drug dosage as described in Sec. 456.705(b)(4).
>>
>> (8) Incorrect duration of drug treatment as described in Sec. 456.705(b)(5).
>>
>> (9) Clinical abuse or misuse as described in Sec. 456.705(b)(7).

42 CFR Section 456.722, Electronic claims management system, states in part:

> (a) Point-of-sale system. Each Medicaid agency, at its option, may establish, as its principal (but not necessarily exclusive) means of processing claims for covered outpatient drugs, a point-of-sale electronic claims management (ECM) system to perform on-line, real-time (that is immediate) eligibility verifications, adjudication of claims, and to assist pharmacists and other authorized persons (including dispensing physicians) in applying for and receiving payment. The State determines who must participate in an ECM system and who may decline to do so. If the State exercises this option and wishes to receive FFP for its ECM system, the system must meet the

functional and additional procurement and system requirements in paragraphs (b) and (c) of this section.

(b) Functional requirements. The ECM system developed by the State must include at least the on-line, real-time capabilities specified in paragraphs (b) (1) through (3) of this section. The real-time requirement for prescriptions filled for nursing facilities and prescriptions filled by mail order dispensers may be waived by the State to permit claims to be processed in the batch mode at the end of the day or other time mutually agreed to by the nursing facility or mail order dispenser and Medicaid agency.

(1) Eligibility verification, including identification of the following:

(i) Third-party payers.

(ii) Recipients in managed care programs.

iii) Recipients and providers in restricted service programs (for example, lock-in and lock-out)

(iv) Properly enrolled providers.

(2) Claims data capture, including the following:

(i) Transfer of claims information from the pharmacy to the Medicaid agency or the Medicaid agency's contractor . . .

(ii) Identification of prescriber

(Emphasis added.)

06-18 The Department of Social and Health Services has not established effective procedures in all administrations to ensure compliance with the federal Medicaid requirements for reporting adult victims of residential abuse to the Medicaid Fraud Control Unit.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Special Tests and Provisions: Utilization Review and Program Integrity
Questioned Cost Amount:	None

Background

As a condition for receiving Medicaid funds, states must establish and operate State Medicaid Fraud Control Units. The Fraud Unit must be separate and distinct from the agency administering Medicaid. In Washington, Medicaid is administered by the Department of Social and Health Services, while the Medicaid Fraud Control Unit is administered by the Office of the State Attorney General.

The purpose of the Fraud Unit is to investigate and prosecute Medicaid fraud. Federal regulations also require the Fraud Unit to review allegations of patient abuse in health care facilities that receive Medicaid payments. Residential abuse includes neglect and financial exploitation of those in residential care. In order to accomplish its function and be in compliance with federal regulations, the Department must report all allegations of residential abuse in a timely manner to the Fraud Unit.

In our audit of fiscal year 2005, we found non-compliance with federal Medicaid requirements for reporting adult victims of residential abuse to the Medicaid Fraud Control Unit. We indicated in that audit the cause was a lack of procedures in some administrations while others were not consistently following the procedures they had established.

Description of Condition

During our current audit, we sought to determine what improvements the Department made. We found:

- The Department has established policies and procedures for investigating and reporting allegations of abuse and neglect of Medicaid clients as stipulated in the agreement with the Attorney General's Office and required by federal law.

- The Division of Alcohol and Substance Abuse corrected the weaknesses found in last year’s audit and has established monitoring procedures to ensure that reporting procedures are being followed.

We also saw some continued weaknesses:

- The Mental Health Division has not established effective monitoring procedures to ensure reporting procedures are being followed.

- The Department does not have policies requiring staff to follow up on cases referred to them by the Medicaid Fraud Control Unit.

Federal Findings and Questioned Costs - continued

Cause of Condition

- The Mental Health Division reported that criteria for compliance are not clear.
- The Department has not completed their procedures requiring staff to follow up on cases referred to them by the Medicaid Fraud Control Unit.

Effect of Condition

Control weaknesses lead to the possibility that not all cases of fraud and abuse will be reported to the Medicaid Fraud Control Unit as federal regulations require. When the Fraud Unit is not aware of all abuse allegations of Medicaid clients, it is unable to perform its investigatory role. These conditions could pose a financial liability to the state.

Additionally, the Department's noncompliance with federal reporting requirements could jeopardize future federal funding.

Recommendation

We recommend the Department:

- Ensure all administrations serving vulnerable adults establish effective monitoring procedures to ensure reporting procedures are being followed.
- Monitor administrations to ensure procedures are being followed.
- Continue working on establishing policies and procedures requiring Department staff to follow up on cases referred to them by the Medicaid Fraud Control Unit.

Department's Response

The Mental Health Division recognizes the importance of having appropriate policies and procedures involving the referral of substantiated allegations involving Medicaid patients to the Medicaid Fraud Control Unit (MFCU). The value of having a process that involves timely investigation, referrals, communication, corrective action and close out of case files is also noted. The MHD is in compliance with the federal reporting requirement.

A. Over the 2005 fiscal year, the Division completed the following actions to strengthen controls:

1. *Eastern State Hospital (ESH), Western State Hospital (WSH) and MHD central office reviewed and updated all policies surrounding the reporting of incidents to include mandatory reporting of substantiated incidents to the MFCU.*

B. Over the 2006 fiscal year, the Division completed the following actions to strengthen controls:

1. *Implementation of an incident management database at MHD central office for incident tracking and monitoring.*
2. *All incidents elevated to MHD central office are reviewed and tracked by the Federal Compliance Officer.*

3. *MHD representation (Federal Compliance Officer) at the MFCU monthly committee meetings chaired by Mike Keller (MFCU Director) established.*

4. *Designation of a single Point of Contact (Federal Compliance Officer) for all referrals originating from the MFCU.*

5. *Participation in the establishment of a Memorandum of Understanding between the Medicaid Fraud Control Unit and DSHS.*

C. Fiscal year 2007 resulted in the following actions:

1. *In response to the auditor's finding both ESH (Oct 2006) and WSH (Dec 2006) updated incident reporting policies to include a feedback loop for cases referred to and from external entities.*

2. *Approval of funding for a central office Incident Manager (Aug 2006).*

   - *Recruitment is currently underway for this position.*

3. *MHD is presently reviewing the feasibility of adopting a shared electronic incident reporting system within DSHS that will track and trend all incidents.*

   - *Once adopted:*

     - *A review of all related policies will be needed to establish appropriate guidelines.*

     - *Contract language will also be developed to establish guidelines for contracted entities.*

     - *Partial implementation of this system is expected prior to July 2007.*

D. The following documents are available for review if necessary:

1. *MHD Policy 4.08*
2. *ESH Policy 2.9*
3. *WSH Policy 1.1.7*
4. *DSHS MFCU MOU*

Auditor's Concluding Remarks

We thank the Department for its response. We will follow up in this area during our next audit.

Applicable Laws and Regulations

Title 42 of the Code of Federal Regulations, Section 1007.11, stipulates the residential abuse responsibilities of the fraud unit and states in part:

> The unit will also review complaints alleging abuse or neglect of patients in health care facilities receiving payments under the State Medicaid plan and may review complaints of the misappropriation of patient's private funds in such facilities.

42CFR483.420 pertains to IMC/MR facilities and states in part:

(d) Standard: Staff treatment of clients.

(1) The facility must develop and implement written policies and procedures that prohibit mistreatment, neglect or abuse of the client.

(i) Staff of the facility must not use physical, verbal, sexual or psychological abuse or punishment.

(ii) Staff must not punish a client by withholding food or hydration that contributes to a nutritionally adequate diet.
(iii) The facility must prohibit the employment of individuals with a conviction or prior employment history of child or client abuse, neglect or mistreatment.

(2) The facility must ensure that all allegations of mistreatment, neglect or abuse, as well as injuries of unknown source, are reported immediately to the administrator or to other officials in accordance with State law through established procedures.

(3) The facility must have evidence that all alleged violations are thoroughly investigated and must prevent further potential abuse while the investigation is in progress.

(4) The results of all investigations must be reported to the administrator or designated representative or to other officials in accordance with State law within five working days of the incident and, if the alleged violation is verified, appropriate corrective action must be taken.

42CFR455.2 states in part:

Abuse means provider practices that are inconsistent with sound fiscal, business, or medical practices, and result in an unnecessary cost to the Medicaid program, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care. It also includes recipient practices that result in unnecessary cost to the Medicaid program.

42CFR 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.

42CFR 455.15 Full investigation states in part:

If the findings of a preliminary investigation give the agency reason to believe that an incident of fraud or abuse has occurred in the Medicaid program, the agency must take the following action, as appropriate:

(a) If a provider is suspected of fraud or abuse, the agency must—

(1) In States with a State Medicaid fraud control unit certified under subpart C of part 1002 of this title, refer the case to the unit under the terms of its agreement with the unit entered into under Section 1002.309 of this title; or

(2) In States with no certified Medicaid fraud control unit, or in cases where no referral to the State Medicaid fraud control unit is required under paragraph (a)(1) of this section, conduct a full investigation or refer the case to the appropriate law enforcement agency.

(b) If there is reason to believe that a recipient has defrauded the Medicaid program, the agency must refer the case to an appropriate law enforcement agency.

(c) If there is reason to believe that a recipient has abused the Medicaid program, the agency must conduct a full investigation of the abuse.

42CFR 455.16 Resolution of full investigation states in part.

A full investigation must continue until—

(a) Appropriate legal action is initiated;

(b) The case is closed or dropped because of insufficient evidence to support the allegations of fraud or abuse; or

(c) The matter is resolved between the agency and the provider or recipient. This resolution may include but is not limited to—

(1) Sending a warning letter to the provider or recipient, giving notice that continuation of the activity in question will result in further action;

(2) Suspending or terminating the provider from participation in the Medicaid program;

(3) Seeking recovery of payments made to the provider; or

(4) Imposing other sanctions provided under the State plan.

06-19 The agreement between the Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, covering hospitals' survey activities does not comply with federal requirements.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	Medicaid Cluster 93.775 State Medicaid Fraud Control Units 93.776 Hurricane Katrina Relief 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program (Medicaid; Title XIX)
Federal Award Number:	5-0705WA5028, 5-0705W5048
Applicable Compliance Component:	Special Tests and Provisions: Provider Health & Safety
Questioned Cost Amount:	None

Background

The Medicaid State Plan must designate the authorities within the state that are responsible for establishing and maintaining health standards for private or public institutions that provide services to Medicaid recipients. In Washington State, the responsibility lies with the Legislature, the State Board of Health, the State Fire Marshal, the Department of Social and Health Services and the Department of Health.

Federal law also requires a written agreement between the Medicaid agency and the survey agency that stipulates what activities the survey agency must do. In Washington, the designated Medicaid agency is the Department of Social and Health Services and the survey agency is the Department of Health.

During our fiscal year 2004 and 2005 audits, we found the agreement between the Departments did not meet all federal requirements.

Description of Condition

In our current audit, we followed up to determine whether progress had been made in correcting the conditions we found in previous audits. The Departments reported in their corrective action plan that they had finalized and signed an agreement they believed complied with the Medicaid State Plan and federal requirements. However, our tests showed deficiencies in the agreement. Specifically, we found there was no stipulation for the requirement that:

- Surveyors will note on completed reports whether each requirement of the survey was performed.
- The Department of Health will keep on file all information and reports used in determining whether participating facilities meet federal requirements.

For both these provisions the agreement indicated that:

> All technical and administrative details concerning administration, record keeping and processes employed will be as documented in the current edition of the CMS State Operation Manual.

However, the State Operation Manual does not mention the federal requirements to include each requirement in the completed inspection report and to keep the file containing inspection information.

The statement that information will be accessible for the purposes consistent with the Medicaid agency's effective administration of the program also was not found in the agreement.

Cause of Condition

The Departments believed that including a reference to the Center for Medicare and Medicaid Services' State Operation's Manual would address all federal requirements for the interagency agreement.

Effect of Condition

Without an agreement that conforms to federal regulations, the state is making significant payments to hospitals for services to Medicaid clients without assurance the Department of Health will conduct surveys that ensure services provided are meeting state health standards and regulatory requirements. Lack of compliance with federal regulations could jeopardize federal funding.

Recommendation

We recommend the Department of Social and Health Services modify the agreement with the Department of Health to include all provisions required by law.

Departments' Response

Department of Social and Health Services

The Department of Social and Health Services (DSHS) disagrees with this finding. Clarification has been received from the Centers for Medicare and Medicaid Services (CMS) that the authority over Department of Health (DOH) in conducting hospital surveys lies with the Regional Office of the Centers for Medicare and Medicaid (CMS), not with the State Medicaid agency. CMS states:

> *CMSO [Centers for Medicaid and Medicare Services Office] contracts with DOH to perform surveys for non-long term care hospitals . . . CMS has oversight responsibility of state agencies to ensure regulatory requirements are met. CMS RO, therefore needs clarification from the State regarding the purpose of the agreement between DSHS and DOH, and why such an agreement is necessary.*

Due to this, the agreement between DSHS's Health and Recovery Service Administration (HRSA) and DOH is not required to contain or enforce all federal requirements. DOH is responsible to CMS for these requirements.

The agreement between the two agencies ensures adequate and timely communication on survey results, and allows HRSA to complete federal reports accurately and on time. The agreement's purpose does not extend beyond this purpose.

Department of Health

We are concerned that the Auditor's Office interpretation of 42 CFR 431.610 (f) is without contextual reference to 42 CFR 488 Survey, Certification, and Enforcement Procedures, specifically 42 CFR 488.18 Documentation of Findings. This cites in detail the documentation requirements for the survey process.

In addition, 42 CFR 488.26 (d) clearly directs that the state survey agency must use the survey methods, procedures, and forms that are prescribed by Centers for Medicare & Medicaid Services (CMS). CMS guidance is composed of the State Operations Manual (SOM) and other directives including documentation retention policies.

CFR 431.610(f) (2) (ii) states that inspectors will note on completed reports whether or not each requirement for which an inspection is made is satisfied. The State Auditor's Office is interpreting this to mean that documentation must be provided on survey reports that each survey requirement was performed. This is a subtle but important difference. We believe that Chapter 2 of the State Operations Manual §2728 provides the administrative guidance for this requirement when an entity is in compliance with all conditions of participation. Further direction is provided under §2728A if deficiencies are noted.

Federal law and administrative guidance do not include a clear requirement for the retention of surveyor field notes for the purposes of supporting prescribed survey report formats outside of an administrative appeal or legal challenge. Surveyor's notes, rough copy survey report forms, and other work papers which are merged into and superseded by a final product are specifically excluded from CMS State Survey Agency Record Retention policies.

In an effort to ensure that our agency is in compliance with federal law, we have presented our questions to the Department of Health & Human Services (HHS) Office of Inspector General in Washington, D.C. After review by high-ranking officials in the OIG Office of Audit Services we were directed to forward our questions to the Regional Office of the federal Centers for Medicare & Medicaid Services (CMS).

After conferring with the Regional Office of the federal CMS and explaining our position, we have been told that our current process is in compliance federal law. Furthermore, CMS has communicated that the Department of Health is in compliance with applicable federal law to the State Auditor's Office through the HHS Division of Financial Management. The CMS response was as follows:

> *Concur with the state's response to the findings. For clarification purposes, it is a requirement for state agencies to produce a "Statement of Deficiencies and Plan of Correction" CMS Form 2567 for every survey event, whether deficiencies were found or not. The CMS Form 2567 serves as the official document of the survey event, and is recorded as such on a national database for use by CMS and the state agencies. To produce such a report, it is prudent for surveyors to take complete notes of all observations and should document the date and time of the observations; location; patient identifiers, individuals present during the observation, and the activity being observed, etc., for recall purposes. This is based on the survey protocols outlined in the State Operations Manual for each provider and supplier type.*
>
> ***The state response to the finding is appropriate***

While the document retention process endorsed by SAO is not required by federal law or rule, we share an interest in adopting best practices. It is our intention to implement a documentation retention policy consistent with the business needs of our agency.

Auditor's Concluding Remarks

We thank the Department of Social and Health Services and the Department of Health for their responses. We will follow up in this area during our next audit.

Applicable Laws and Regulations

In describing the authority of the Medicaid State Plan, Title 42 of the Code of Federal Regulations, Section 430.10, 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.

The Department of Social and Health Services acknowledges the authority of the State Plan and announces its commitment to abide by it in section 1.1 of the State Plan:

> As a condition for receipt of Federal funds under title XIX of the Social Security Act, the Department of Social and Health Services submits the following State plan for the medical assistance program, and hereby agrees to administer the program in accordance with the provisions of this State plan, the requirements of titles XI and XIX of the Act, and all applicable Federal regulations and other official issuances of the Department.

The State of Washington's Medicaid State Plan, page 42, states in part:

> 4.11 Relations with Standard-setting and Survey Agencies
>
> (a) The State agencies utilized by the Secretary to determine qualifications of institutions and suppliers of services to participate in Medicare is responsible for establishing and maintaining health standards for private or public institutions . . . that provide services to Medicaid recipients. These agencies are: the Department of Social and Health Services and the Department of Health.
>
> (b) The State authority (ies) responsible for establishing and maintaining standards, other than those relating to health, for public and private institutions that provide services to Medicaid recipients are: the Legislature, State Board of Health, State Fire Marshall, the Department of Social and Health Services, and the Department of Health.
>
> (c) Attachment 4.11-A describes the standards specified in paragraphs (a) and (b) above, that are on file and made available to the Center for Medicare and Medicaid Services on request.
>
> Attachment 4.11-A states in part:
>
> > The standards specified in paragraphs (a) and (b) on Page 42 of the Plan are as follows:
> >
> > A. General Hospitals, Revised Code of Washington, Chapter 70.41 . . .
> >
> > Surveys are conducted in accordance with the Interagency Agreement between the Department of Social and Health Services (DSHS) and the Department of Health (DOH).

Federal Findings and Questioned Costs - continued

42 CFR 431.610(f) states in part:

> Written agreement required. The plan must provide for a written agreement between the Medicaid agency and the survey agency . . . covering the activities of the survey agency in carrying out its responsibilities. The agreement must specify that:
>
> > (1) Federal requirements and the forms, methods and procedures that the Administrator designates will be used to determine provider eligibility and certification under Medicaid;
> >
> > (2) Inspectors surveying the premises of a provider will
> >
> > > (i) Complete inspection reports;
> > >
> > > (ii) Note on completed reports whether or not each requirement for which an inspection is made is satisfied;
> > >
> > > (iii) Document deficiencies in reports
> >
> > (3) The survey agency will keep on file all information and reports used in determining whether participating facilities meet Federal requirements;
> >
> > (4) The survey agency will make the information and reports required under paragraph (f) (3) of this section readily accessible to HHS and the Medicaid agency as necessary
> >
> > > (i) for meeting other requirements under the plan;
> > >
> > > (ii) for purposes consistent with the Medicaid agency's effective administration of the program.

06-20 The Washington State Department of Health has not established sufficient internal controls to safeguard gift cards used as incentives for participants in research studies done for the Centers for Disease Control and Prevention Investigations and Technical Assistance Program.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	CFDA 93.283 Centers for Disease Control and Prevention Investigations and Technical Assistance.
Federal Award Number:	U50/CCU022438-03-3 CP-97053501-1 R-82978101-2
Applicable Compliance Component:	Allowable Costs/Cost Principles
Questioned Cost Amount:	$14,170

Background

The Washington State Department of Health administers the Centers for Disease Control and Prevention Investigations and Technical Assistance Program (CFDA 93.283). The Department used funds from this program to purchase $40,150 in department and grocery store gift cards as incentives for participants in research studies. We determined this is an allowable use of grant funds. The Department expended $33,465,847 for this program in fiscal year 2006.

Description of Condition

During our audit, however, we determined the Department did not maintain an inventory of the gift cards, did not perform periodic reconciliations of the gift cards and did not ensure that the gift cards were kept in a secure location. The Department performed a reconciliation at our request, and was unable to account for $14,170 in gift cards. The Department has initiated an investigation into the loss.

Cause of Condition

The Department's office responsible for the gift cards did not inventory, reconcile, or adequately secure the cards. The Department's internal controls over these cards were inadequate to prevent or detect loss or misuse.

Effect of Condition and Questioned Costs

Items purchased with federal funds were not adequately safeguarded and may not have been used for their intended purpose. We question $14,170, the value of the cards unaccounted for.

Recommendations

We recommend the Department:

- Consult with its grantor to determine whether questioned costs should be repaid
- Complete an inventory of all gift cards
- Perform periodic counts of gift cards and reconcile amounts to accounting records
- Ensure that all gift cards are kept in secure location

Department's Response

We appreciate the input of the State Auditor's Office in working with us to strengthen our internal control procedures to provide better record-keeping and a more secure procedure for safeguarding our supply of gift cards. Although we respectfully disagree with how portions of this audit finding are articulated, we now have improved procedures which have been put in place with the help of the staff of the State Auditor's Office.

Although we have recently improved our procedures, it is important to note that we have always routinely inventoried our supply of gift cards and performed reconciliations of our records. In the past, the gift cards were kept in a locked drawer and the key to the drawer was kept in a separate location. Unfortunately, $2,463 worth of gift cards was found missing in 2006. Through our internal controls, we quickly identified the problem and reported it to the Tumwater Police Department. In addition, we completed an inventory and verified the number of missing cards through our record-keeping system in place at the time. With the exception of the $2,463 in missing cards, we were able to account for the entire remaining inventory of the gift cards.

As a result of the lost cards, we have taken actions to strengthen our internal controls. We inventoried all gift cards and arranged with our Financial Services Division to establish a routine of performing periodic counts of gift cards and reconciling amounts to accounting records. We have also arranged to use their vault to secure the gift cards.

Since the value of lost assets ($2,463) is not an allowable charge against federal funds, we did not charge the granting agency for this loss.

Auditor Remarks

During the course of our audit we requested records in order to provide evidence that gift cards purchased were accounted for. This increased attention to department store gift cards led to the Department's identification of $3,250 in unaccounted for cards. Prior to our request, the Department stated reconciliations between cards and participants were not performed as it believed this was an area of low risk.

In addition to the department store gift cards, the Department was unable to account for $10,920 in grocery store gift cards. The Department stated these cards were used to support studies related to the grant but did not have adequate evidence to support this because of inadequate recordkeeping.

We acknowledge that the Department is continuing to improve internal controls over gift card inventories. We appreciate the Department's response and its commitment to resolving this issue.

Applicable laws and Regulations

45 CFR 92.20

…(3) Internal control. Effective control and accountability must be maintained for all grant and sub-grant cash, real and personal property, and other assets. Grantees and sub-grantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Federal Findings and Questioned Costs - continued

06-21 The Department of Health is not complying with federal requirements for time and effort reporting for the Centers for Disease Control and Prevention Investigations and Technical Assistance grant.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CDFA Number and Title:	93.283 Centers for Disease Control and Prevention Investigations and Technical Assistance
Federal Award Number:	U58/CCU023317-03-3
Applicable Compliance Component:	Allowable Costs
Questioned Cost Amount:	None

Background

The State Department of Health administers the Centers for Disease Control and Prevention Investigations and Technical Assistance Program (CFDA 93.283). The program is designed to assist state and local health authorities in developing emergency-ready public health departments by upgrading, integrating and evaluating preparedness for and response to public health emergencies. The Department expended $33,465,847 for this program in fiscal year 2006.

Description of Condition

Federal requirements specify the standards expected for payroll documentation for employees whose salaries and benefits are charged to federal grants. Requirements state that if an employee works on only one federal activity, semi-annual certifications signed by the employee or a direct supervisor meet federal requirements.

We found 30 employees who charged 100 percent of their time to this grant during fiscal year 2006 did not complete semi-annual certifications.

Cause of Condition

The Department's office responsible for ensuring the certifications were completed did not know the federal requirements for time certifications.

Effect of Condition

Without adequate time and effort certifications, federal grantors cannot be assured that salaries and wages charged to their programs are accurate and valid. This could jeopardize future federal funding. We were able to determine by other methods that these staff members did work 100 percent of their time on their assigned program and we are not questioning these costs.

Recommendations

We recommend the Department:

- Require employees who work 100 percent on a single federal program or a supervior with first hand knowledge of their work to certify, in writing, their time spent working on the program on a semi-annual basis.

- Provide training to employees to ensure the requirements of Circular A-87 are met.

Department's Response

We concur with the State Auditor's Office and have already taken steps to ensure that certification and or timekeeping documentation is accurately recorded and retained.

Auditor's Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Applicable laws and Regulations

The U.S. Office of Management and Budget's Circular A-87, Cost Principles for State, Local and Indian Tribal governments provides in:

Attachment A, Section C.3 of the Circular requires allocable costs to be chargeable or assignable in accordance with the relative benefits received.

Attachment B, Section 8(h) of the Circular states in part:

Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

> (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
>
> (2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
>
> (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.
>
> (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
>
> > (a) More than one Federal award,
> > (b) A Federal award and a non Federal award,
> > (c) An indirect cost activity and a direct cost activity,
> > (d) Two or more indirect activities which are allocated using different allocation bases, or (e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

(a) They must reflect an after the fact distribution of the actual activity of each employee,
(b) They must account for the total activity for which each employee is compensated,
(c) They must be prepared at least monthly and must coincide with one or more pay periods, and
(d) They must be signed by the employee.
(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:

(i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
(ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
(iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

(6) Substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.

(a) Substitute systems which use sampling methods (primarily for Temporary Assistance to Needy Families (TANF), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

(i) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in subsection (c);
(ii) The entire time period involved must be covered by the sample; and
(iii) The results must be statistically valid and applied to the period being sampled.

(b) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.
(c) Less than full compliance with the statistical sampling standards noted in subsection (a) may be accepted by the cognizant agency if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the governmental unit will result in lower costs to Federal awards than a system which complies with the standards.

(7) Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under Federal award.

06-22 The Department of Social and Health Services, Economic Services Administration, is not in compliance with eligibility requirements for the Temporary Assistance for Needy Families 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:	G-0501WATANF 2005, G-0602WATANF 2006
Applicable Compliance Component:	Eligibility
Questioned Cost Amount:	$32,041

Background

The Department of Social and Health Services, Economic Services Administration, administers the federal Temporary Assistance for Needy Families program (CFDA 93.558). Federal regulations require each state to fund a certain amount of this program each year or face financial penalties. The Department expended $234,316,666 in federal dollars on the program in 2006.

The program is designed to provide time-limited assistance to needy families with children and to promote job preparation and work opportunities for the parents. As long as minimum requirements are met, states have flexibility in designing programs and determining eligibility and may use grant funds to provide cash or non-cash assistance. To be eligible under federal requirements, a family generally includes a child under 18 living with the parent(s); in addition, the family must qualify as needy under a state's criteria. The state also has specified that, with certain exceptions, applicants must provide Social Security numbers in order to receive benefits.

During fiscal years 2002 through 2005 audits, we identified weaknesses related to compliance with eligibility requirements and reported them in the Statewide Accountability Reports and in the State of Washington Single Audit Reports.

Description of Condition

During the fiscal year 2005 audit, we identified 102 individuals receiving benefits who were using invalid or missing Social Security numbers. In our current audit, we determined the Department had addressed or resolved those cases. However, during our current audit, we found an additional 28 individuals with invalid or missing Social Security numbers receiving benefits. Of those, 24 had Social Security numbers that did not match Social Security Administration records, two were using Social Security numbers belonging to deceased individuals, and two received benefits without providing a Social Security number.

Cause of Condition

The Department has been taking action to correct this condition, but had not completed it at the time of our audit. We will review this area again during our fiscal year 2007 audit.

Effect of Condition and Questioned Costs

Failure to obtain and verify proper Social Security numbers may cause the Department to provide benefits to ineligible persons. This also deprives other, eligible individuals, use of those funds. We question $32,041 in benefits paid to people who were using invalid or missing Social Security numbers.

Recommendation

We recommend the Department:

- Compare Social Security numbers provided by applicants to those in records maintained by other state or federal agencies and investigate any discrepancies.

- Require employees to follow state regulations regarding Social Security numbers and investigate and resolve invalid numbers.

Department's Response

The Department concurs with the finding.

The 28 cases, reviewed by the Department, have been corrected or pended and letters issued requesting verification of information.

To ensure the field staff is adhering to policies and procedures related to obtaining the correct Social Security number (SSN) for clients at application and reviews, the Department has implemented the following requirements:

- *Developed and required State On-line Query (SOLQ) on- line training for field staff. All six regions have reported all appropriate staffs have completed this training.*

- *Required supervisors add medical cases to their monthly case audits and focus on SSN mismatched alerts. Supervisors are also required to check for consistent use of SOLQ for SSN verification.*

- *Community Services Division (CSD) Headquarters will be conducting quarterly random audits on medical cases and checking for consistent use of SOLQ at application and reviews.*

- *CSD supports the Department's Health and Recovery Services Administration's change request for an Automated Client Eligibility System hard edit at the time of medical recertification for individuals who have a SSN application pending more than 60 days.*

The Department does not concur with the questioned costs as the cases in error were reviewed, corrected, and determined eligible for benefits during the audit time frame.

Auditor's Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Applicable Laws and Regulations

U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* Subpart C, Section .300 states in part:

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.

Washington Administrative Code 388-476-0005 states in part:

> (1) With certain exceptions, each person who applies for or receives cash, medical or food assistance benefits must provide to the department a Social Security Number (SSN), or numbers if more than one has been issued.

Federal Findings and Questioned Costs - continued

(2) If the person is unable to provide the SSN, either because it is not known or has not been issued, the person must:

(a) Apply for the SSN;
(b) Provide proof that the SSN has been applied for; and
(c) Provide the SSN when it is received.

(3) Assistance will not be delayed, denied or terminated pending the issuance of an SSN by the Social Security Administration. However, a person who does not comply with these requirements is not eligible for assistance.

Federal Findings and Questioned Costs - continued

06-23 The Department of Social and Health Services, Division of Child Support, is not complying with federal requirements for time and effort reporting for the Child Support Enforcement grant.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CDFA Number and Title:	93.563 Child Support Enforcement
Federal Award Number:	G0604WA4004
Applicable Compliance Component:	Allowable Costs
Questioned Cost Amount:	$23,259

Background

The Department of Social and Health Services, Division of Child Support administers the federal Child Support Enforcement Program (CFDA 93.563). The program is designed to enforce support obligations owed by non-custodial parents, to locate absent parents and to establish paternity. The Division expended $69,518,104 for this grant program in fiscal year 2006.

Federal requirements specify how employee salaries and wages charged to the grant are -to be documented. For employees who work on multiple activities or cost objectives, payroll costs charged directly to federal awards are to be supported by monthly personnel activity reports or equivalent documentation, such as time sheets. The time records are to reflect the actual hours that employees work on each program, and must account for the total activity for which each employee is compensated. These records are used as a basis for requesting federal funds. Budget estimates are allowable on an interim basis if adjustments to actual costs are made at least quarterly.

If an employee works on one federal activity, only semi-annual certifications signed by the employee or supervisory official who has direct knowledge of the work performed, are required.

The Office of Financial Management has delegated the responsibility for determining the best method for fulfilling these requirements to each state agency receiving federal money.

Description of Condition

During the 2006 audit, we found that two employees who worked on multiple grants used budgeted distributions of their time but quarterly adjustments to actual costs were not made.

We also found that the Division director signed one certification covering more than 1,100 Division employees who worked 100 percent on the grant. This did not meet federal requirements because the director was not a supervisor who had first-hand knowledge of the work of each employee.

Also, 11 employees who worked on multiple grants did not report all of their compensated time on activity reports as required. They only reported hours where their actual work varied from their budget time allocation. The exception time reporting system does not meet federal requirements because the monthly time record does not account for the total activity of the employee for the month. However, we did find quarterly adjustments based on these exception reports to actual charges against the program. Therefore, we are not questioning costs for these 11 employees.

Federal Findings and Questioned Costs - continued

Cause of Condition

DSHS federal time and effort policy requires employees who work on multiple projects or cost objectives to submit semi-annual certifications. Employees believed that if they signed these semi-annual certifications that they met the federal requirements even though monthly time records were required.

The division did not clearly understand that supervisory officials who sign semi-annual certifications must have direct knowledge of the work performed by the employee.

Additionally, employees using exception time reporting were not aware that this was not adequate to meet federal time and effort reporting requirements.

Effect of Condition and Questioned Costs

Without adequate time and effort documentation to include time records and certifications, federal grantors cannot be assured that salaries and wages charged to their programs are accurate and valid. This could jeopardize future federal funding to the state. We are questioning costs of $23,259 for two employees' overcharged payroll costs to the federal Child Support Program.

Recommendations

We recommend the Department:

- Require employees who work 100 percent on a single federal program or supervisory officials who have direct knowledge of their work completed, to certify, in writing, their time spent working on the program on a semi-annual basis.
- Revise its policy to meet federal requirements for time and effort reporting for employees who work on more than one grant program.
- Consult with the federal grantor to determine whether any questioned costs should be repaid.
- Provide training to employees to ensure these reporting requirements are met.

Department's Response

The Department agrees with the finding and the Division of Child Support (DCS) and Economic Services Administration (ESA) will take the following corrective steps:

For employees that did not report all their compensated time on activity reports, ESA Fiscal office (in conjunction with DCS) will by January 31, 2007:

- *Develop procedures, a revised time reporting form, and provide training to ensure staffs report actual time worked completely and*
- *Continue to make quarterly adjustments based on time reported.*

Federal Findings and Questioned Costs - continued

For the certification for employees that work 100% on the primary Child Support Enforcement grant, the following process changes were made in October 2006:

- *A list of employees for each field office is verified by their District Manager,*
- *Headquarters section chiefs verify staff in their units, and*
- *These lower level verifications are attached to the semi-annual certification that is signed by the DCS Division Director.*

For staff whose time was not adjusted quarterly to actual costs DCS will by January 31, 2007:

- *Establish a process to ensure that quarterly reconciliation is completed and supporting documentation maintained,*
- *Consult with the federal grantor to determine if questioned costs should be repaid, and*
- *Evaluate the staff and positions in question to determine if cost allocation models already established provides a better solution for these staff.*

Auditor Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Applicable laws and Regulations

The U.S. Office of Management and Budget's *Cost Principles for State, Local and Indian Tribal Governments*, Circular A-87:

Attachment A Section C.3 requires allocable costs to be chargeable or assignable in accordance with the relative benefits received.

Attachment B, Section 8(h) of the Circular states in part:

Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

> (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
>
> (2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.

(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.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

(a) More than one Federal award,
(b) A Federal award and a non Federal award,
(c) An indirect cost activity and a direct cost activity,
(d) Two or more indirect activities which are allocated using different allocation bases, or
(e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

(a) They must reflect an after the fact distribution of the actual activity of each employee,
(b) They must account for the total activity for which each employee is compensated,
(c) They must be prepared at least monthly and must coincide with one or more pay periods, and
(d) They must be signed by the employee.
(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:

(i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
(ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
(iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

(6) Substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.

(a) Substitute systems which use sampling methods (primarily for Temporary Assistance to Needy Families (TANF), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

Federal Findings and Questioned Costs - continued

(i) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in subsection (c);
(ii) The entire time period involved must be covered by the sample; and
(iii) The results must be statistically valid and applied to the period being sampled.

(b) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.
(c) Less than full compliance with the statistical sampling standards noted in subsection (a) may be accepted by the cognizant agency if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the governmental unit will result in lower costs to Federal awards than a system which complies with the standards.

(7) Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under Federal awards.

Federal Findings and Questioned Costs - continued

06-24 The Department of Social and Health Services, Division of Child Support, does not have adequate internal controls to ensure compliance with federal reporting requirements for the federal Child Support Enforcement grant.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CDFA Number and Title:	93.563 Child Support Enforcement
Federal Award Number:	G0604WA4004
Applicable Compliance Component:	Reporting
Questioned Cost Amount:	None

Background

The Department of Social and Health Services, Division of Child Support, administers the federal Child Support Enforcement Program (CFDA 93.563). The program objectives are to enforce support obligations owed by non-custodial parents, to locate absent parents, to establish paternity, and to obtain child and spousal support. The Division expended $69,518,104 for this grant program in fiscal year 2006.

Federal regulations require the Department to submit two financial reports specific to the grant: OCSE 34A, *Child Support Enforcement Program Quarterly Report of Collections*; and OCSE 396A, *Child Support Enforcement Program Quarterly Report of Expenditures and Estimates*.

Description of Condition

We found the Department had adequate internal controls over, and was in compliance with, the *Quarterly Report of Collections* (OCSE 34A) reporting requirement. However, we found the Department's internal controls were inadequate to prevent or detect significant errors in the *Quarterly Report of Expenditures and Estimates* (OCSE 396A). The Department uses a complex workbook containing various formulas to generate the expenditure information used for this report. We found that staff responsible for entering data into the workbook did not fully understand the functions of the workbook, and would not be able to detect formulaic or calculation errors, or errors resulting from incorrect input. For the OCSE 396A report dated March 31, 2006, we found current claims were under reported by $109,446.18, and prior period claim adjustments totaling $1,965.40 were not reported.

Cause of Condition

The Department placed reliance on a workbook developed several years ago and is being used by staff that do not have adequate knowledge or training on its use.

Effect of Condition

Without adequate internal controls, the Department cannot ensure accurate reporting of program activity to the Federal grantor. The Federal grantor relies on this information for making decisions about program operations and funding. Inaccurate reporting may impact the amount of Federal funding provided the State. The reporting errors identified did not result in any questioned costs.

Recommendations

We recommend the Department improve its controls over Federal financial reporting requirements to ensure accurate reporting of program activity.

Department's Response

The Department agrees with the finding and the Division of Child Support (DCS) and Economic Services Administration (ESA) will take the following corrective steps:

The ESA Fiscal office (in coordination with DCS) will be making the following changes to improve internal controls over federal financial reporting by March 30, 2007:

- *Develop an instruction workbook that is easier to understand and less error prone,*
- *Ensure the person creating the federal report is trained and fully understands the instruction workbook,*
- *Train an additional back-up person within the Fiscal Unit who can create the report,*
- *The supervisor of the Fiscal Unit will verify that the report is complete and accurate before it is entered into OLDC*
- *The supervisor of the Fiscal Unit will verify the accuracy of the report as entered into the federal On-Line Data Collection System (OLDC), and*
- *The report will be personally certified in the OLDC by the DCS Director.*

Auditor Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Applicable laws and Regulations

Title 45, Code of Federal Regulations, Section 301.15 Grants.

> To States with approved plans, a grant is made each quarter for expenditures under the plan for the administration of the Child Support Enforcement program. The determination as to the amount of a grant to be made to a State is based upon documents submitted by the IV-D agency containing information required under the Act and such other pertinent facts as may be found necessary.

Title 45, Code of Federal Regulations, Section 302.15 Reports and maintenance of records: The State plan shall provide that:

> (a) The IV-D agency will maintain records necessary for the proper and efficient operation of the plan, including records regarding:
>
> > (1) Applications pursuant to Sec. 302.33 for support services available under the State plan;
> > (2) Location of non-custodial parents, actions to establish paternity and obtain and enforce support, and the costs incurred in such actions;
> > (3) Amount and sources of support collections and the distribution of these collections;
> > (4) Any fees charged or paid for support enforcement services;
> > (5) Any other administrative costs;
> > (6) Any other information required by the Office; and
> > (7) Statistical, fiscal, and other records necessary for reporting and accountability required by the Secretary.

Federal Findings and Questioned Costs - continued

Title 45, Code of Federal Regulations, Section 92.20 - Standards for financial management systems.

> (a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to--
>
> > (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
> > (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* Section 300, states in part:

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.

06-25 The Department of Social and Health Services and the Department of Early Learning do not have adequate internal controls over direct payments made to child care providers.

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 Fund of the CCDF
Federal Award Number: G-0601WACCDF2, G-0601WACCDF3, G-0601WACCDF4
Applicable Compliance Component: Allowable Costs/Cost Principles, Activities Allowed or Unallowed
Questioned Cost Amount: $55,610

Background

The Washington Department of Early Learning administers the federal Child Care and Development program per an agreement with the Department of Social and Health Services (DSHS), the grantee. The purpose of the program is to assist eligible working families pay for child care provided by licensed and non-licensed (exempt) providers. Prior to 2006, this program was administered by DSHS, Division of Child Care and Early Learning.

During our fiscal year 2003 and 2004 audits, we reported the Department did not require all child care providers to maintain adequate documentation to support payments made for child care, such as attendance records. The Department implemented corrective action during fiscal year 2005 that required all child care providers to keep daily attendance records for all children. For the record to be considered complete, the following criteria must be present:

- Child's name
- Arrival and departure time of the child
- Full legal signature of the parent or person authorized to take the child to or from the center/home on both arrival and departure.

We have also reported in prior state accountability audits and the Fiscal Year 2005 State of Washington Single Audit report that the Department performed no monitoring of direct payments made to child care providers. Payments to providers are made through the Social Services Payment System (SSPS) maintained by DSHS. This internal control is imperative to ensure the allowability of payments. In FY06 the Department paid approximately $250 million to 1,876 Licensed Centers, 4,915 Family Home Providers, and 13,880 Exempt Providers through the Working Connections Child Care Program.

Description of Condition

The Department's lack of monitoring or reconciling payments to supporting documentation increases the risk of unallowable or unauthorized payments to providers. To test for this, we judgmentally selected and requested attendance records from 28 licensed centers and 30 licensed family home providers for the month of June 2006. We obtained SSPS payment data for the same month and attempted to reconcile the amounts paid to providers to the supporting records. By the end of our fieldwork we had received records from 44 providers. Attendance records requested were not received from 3 Family Homes and 11 Child Care Centers. Our review identified exceptions with 42 of the 44 (95%) providers tested. These exceptions fell into four general categories:

A. The provider billed the Department for days in excess of what was recorded in the attendance records. We took into consideration the Working Connections policy that allows the provider to bill for the maximum number of authorized days if the child was absent 5 or less days and was authorized for at least 22 days in the month.
B. The provider billed the Department when no records were present for a child to support any of the days paid through SSPS.
C. The child was signed in/out by the provider when the parent/guardian should have signed the child in/out.
D. Record was missing required criteria, such as a parent's signature signing their child in/out of care.

Cause of Condition

The cause of the exceptions is due to inadequate controls over direct payments to providers, a lack of monitoring by the Department, and inconsistencies in provider knowledge of when they are allowed to bill for services.

Effect of Condition and Questioned Costs

Questionable payments made to the providers are summarized below. We did not question the payments for those instances where an incomplete record was present (Type D) because we observed some evidence that the child had attended.

Licensed Centers:

Type of Exception:	Questioned Payments:
A – Days billed in excess of records	$12,259
B – No records in support of payment	$17,758
C – Child signed in/out by provider	$0
Total	**$30,017**

Licensed Family Homes:

Type of Exception:	Questioned Payments:
A – Days billed in excess of records	$7,498
B – No records in support of payment	$6,497
C – Child signed in/out by provider	$11,598
Total	**$25,593**

We cannot give an opinion as to the allowability of the payments made to those providers who failed to submit the requested documentation. We have referred these providers to the Department for follow up.

Based upon the results of our testing, we question a total of $55,610 in direct payments made to child care providers. Statewide, there are approximately 20,000 providers who participate in this program. While our testing selection was limited and based on risk criteria, the control weakness identified impacts all provider payments. This increases the risk and likelihood that additional unallowable payments have been made.

Recommendation

We recommend the Department improve internal controls to ensure child care providers:

- Adhere to Washington Administrative Code requiring the parent or custodian of each child sign the provider's attendance record when their child arrives and departs from care, noting the arrival and departure times.
- Maintain complete attendance records to support the payments they receive.
- Comply with records requests in a timely manner, as stated in the Washington Administrative Code.

We also recommend that the Department reconcile provider attendance records to payments made through SSPS to ensure grant expenditures are allowable.

We refer those providers who failed to submit attendance records to our Office to the Department for follow up.

Department's Response

The Department partially concurs with this finding:

The Washington Administrative Code (WAC) requires parents to sign their children in and out of care. The Department of Early Learning (DEL) has an attendance form which providers may use for attendance keeping. This is not a required form. If providers choose to develop their own attendance form, it must contain all the elements of the form developed by the Department, as required by WAC. Those elements include date, child's name, time in with parent's full signature, and time out with parent's full signature. Facility staff may sign children in and out when children leave to and return from school or other scheduled activities.

DEL's licensing staffs monitor child care facilities on a regular schedule and write licensing compliance agreements when licensors discover providers who are not keeping adequate records. Licensors discuss attendance record requirements with the providers during orientation and routine licensing visits. DEL has developed standards and training for staff to provide information and guidelines related to attendance records, compliance agreements, and necessary follow-up. Providers who are chronically deficient in attendance keeping may be placed on a Probationary License and/or levied with Civil Penalties ($75/day for Family Home Child Care and $250/day for Child Care Centers) for each day they are out of compliance.

DEL concurs there are not adequate internal controls over support for payments made to licensed child care providers. To correct this problem, DEL continues to work with the Department of Social and Health Service's Payment Review Program to identify and collect overpayments identified through the use of algorithms.

Auditor's Concluding Remarks

We recognize that the Department performs monitoring of child care facilities and their records. The monitoring in place during the audit period did not include reconciling facility attendance records to provider payments.
We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Applicable Laws and Regulations

U.S. Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, Attachment A, Section C, Basic Guidelines, states in part:

Factors affecting allowability of costs.

Federal Findings and Questioned Costs - continued

1. To be allowable under Federal awards, costs must meet the following general criteria:…

   j. Be adequately documented.

The same section of the circular states in part:

> 4. a. Applicable credits refer to those receipts or reductions of expenditure-type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect costs. Examples of such transactions are: rebates or allowances, recoveries or indemnities on losses,...charges. To the extent that such credits accruing to or received by the governmental unit relate to allowable costs, they shall be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

Washington Administrative Code 388-295-7030* states:

(1) The parent or other person authorized by the parent to take the child to or from the center must sign in the child on arrival and sign out the child at departure, using their full legal signature and writing the time of arrival and departure;

(2) When the child leaves the center to attend school or participate in off-site activities as authorized by the parent, you or your staff must sign out the child, and sign in the child on return to the center; and

(3) Attendance records and invoices for state paid children must be kept on the premises for at least five years after the child leaves your care.

Washington Administrative Code 388-296-0520* states:

(1) A child's presence in the child care must be documented, on a daily basis, by the child's parent or guardian or an authorized person by using the sign-in and sign-out procedure for each child in attendance. The parent, guardian or authorized person must use their full signature when signing the child in and out of the child care.

(2) When the school age child arrives at or leaves the child care home due to school or off-site activities as authorized by the parent, you or your staff must sign out the child, and sign in the child on return to the home.

(3) Daily attendance records, listing the dates and hours of attendance of each child must be kept up-to-date and maintained in the licensed space of the family home child care for five years.

Washington Administrative Code 388-290-0138 states in part:

What responsibilities does my eligible in-home/relative provider have?...

(6) Keep correct attendance records. Records must: (c) Be given to us, within fourteen consecutive calendar days, if we ask for them.

* Washington Administrative Code 388-295-7030 and 388-296-0520 were re-codified at WAC 170-295-7030 and WAC 170-296-0520 respectively and became effective July 13, 2006.

Federal Findings and Questioned Costs - continued

06-26 The Department of Social and Health Services and the Department of Early Learning do not have adequate internal controls in place to ensure only eligible clients receive federal child care subsidies.

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 Fund of the CCDF
Federal Award Number:	G-0601WACCDF2, G-0601WACCDF3, G-0601WACCDF4
Applicable Compliance Component:	Eligibility
Questioned Cost Amount:	$7,368.62

Background

The Department of Early Learning administers the federal Child Care and Development program through an agreement with the Department of Social and Health Services (DSHS), which receives the money from the U.S. Department of Health and Human Services. The program is designed to assist eligible working families in paying for child care services provided by licensed and non-licensed (exempt) providers. Some program components are administered by DSHS.

DSHS Community Service Offices review client applications to determine whether a family is eligible for child care benefits. The Working Connections Automated Program is used by staff to process applications. According to management, the Department's key control over eligibility is a monthly supervisory review of 1 percent of cases at the regional level. DSHS has six Regional Community Service Division offices. During this review, supervisors document the results using a program titled Audit 99. Within Audit 99 is a guide for reviewers called the Child Care Audit Tool. According to DSHS, a "complete review" constitutes the use of this tool to ensure eligibility is properly reviewed, documented and followed-up on, if necessary, by a supervisor.

In addition to the regular monthly child care subsidy, certain exempt family-home providers can receive payment for care provided to school-age children during school holidays. This care is referred to as school holiday contingency hours. We reviewed the Department's internal controls over these payments as well.

Description of Condition

We reviewed the adequacy of Department's internal controls, including the Audit 99 program. We limited our review to the Working Connections Child Care Program because most of the federal grant expenditures were made through this program. We identified the total number of cases by month for each region and calculated a 1 percent expectation. After comparing the actual number of case reviews performed to our expectation we found that Region 4 completed only 8 percent of the reviews required. We also judgmentally selected 41 supervisor reviews from Regions 1, 2, 4, and 6 to determine if the Child Care Audit Tool was completed by the supervisor. Of the 41 cases reviewed, 32 (78 percent) of the Audit Tools were incomplete or blank.

In reviewing eligibility of clients being claimed for school holiday contingency hours, we identified the Working Connections payments made to providers when the amount was in excess of the total authorized amount and the service recipient (child) was under the age of 4. We used this criterion because most children under age 4 are not school aged and providers should not bill for their care. We found 1,259 records totaling $52,240 met this criterion. We judgmentally selected 45 payments for review and found:

- 44 activity schedules in the Working Connections Automated Program confirmed the child was not school-aged and not in school.

- 42 monthly payments made to providers included school holiday contingency hours. All 42 payments were for children who were not school aged and not attending school. These payments totaled $7,368.62.

- 11 clients were paid for school holiday contingency hours for both their normal and additional subsidy. This is unallowable because the provider should only be eligible for school holiday hours using the normal subsidy billing code.

Cause of Condition

The Department does not adequately monitor to ensure Community Service Offices are complying with the policy requiring review 1 percent of cases. In addition, monitoring is not done to ensure that exempt providers are billing only for eligible clients that were provided care on school holidays. In the current payment system, exempt providers can bill up to 70 additional hours/units for certain months with no authorization by a case worker.

Effect of Condition and Questioned Costs

By relying on the current controls, the Department does not gain reasonable assurance that providers are paid for serving only eligible clients. Based on our review of payments made to exempt providers for school holiday contingency hours, the Department does not have adequate support for payments made when the service recipient was under age 4. Therefore, although we question only $7,368.62, we have identified $52,240 in likely questioned costs related to program expenditures.

Recommendations

We recommend the Department:

- Improve program monitoring to ensure regional community service offices conduct the required 1 percent client eligibility case reviews and that those reviews are complete.
- Establish and follow controls over payments made to providers for school holiday contingency hours.
- Establish and follow a control that prohibits providers from billing for school holiday contingency hours for both the regular monthly subsidy and any additional subsidy.

Department's Response

The Department of Early Learning (DEL) is aware of the fact the 1 percent supervisory reviews have not been consistently completed by the Department of Social and Health Services' (DSHS) Community Services Division (CSD) child care supervisors. Prior to the audit, DEL and CSD were collaborating to resolve the problem. In mid-2006, DEL and CSD developed a Memorandum of Understanding, firmly establishing a process CSD will follow to

provide quarterly results to DEL regarding the findings of the 1 percent monthly audits and corrective action plans for issue resolution. The 1 percent audit requirement was re-established July 1, 2006, and DEL is monitoring the quarterly reports from CSD.

DEL and CSD are also working with information technology staff to modify the Audit 99 Program. The modification will result in the labeling of child care audits with an 'audit type', indicating whether the review is a full or partial case review. Only those labeled as full reviews will count toward the required 1 percent supervisory audit.

DEL is collaborating with DSHS's Payment Review Program (PRP) to run an algorithm to locate payments made for 'school holiday hours' for children under age 5. PRP will then establish overpayments for collection as appropriate. DEL will also mail a notification to all exempt providers clarifying the fact that school holiday hours can only be claimed for school-age children.

In addition, DEL has submitted a work request to the Social Service Payment System for an edit to the system which will prevent school holiday hour payments being made for children under 5 years of age.

Auditor's Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Applicable Laws and Regulations

Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* Section 300, states in part:

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.

The Office of Financial Management *State Administrative and Accounting Manual*, Section 85.32.10, states in part:

> ...At a minimum, agencies are...to establish and implement the following:
>
> 1. Controls to ensure that all expenditures/expenses and disbursements are for lawful and proper purposes....

State Plan for CCDF Services For the Period 10/1/05 – 9/30/07; Effective October 1, 2005:

Section 1.10.3 – Has your State developed strategies to identify errors in the determination of client eligibility?

> We require supervisor audits. Division data staff have the ability to conduct research for inconsistencies when needed.

06-27 The Department of Social and Health Services did not comply with federal requirements for suspension and debarment for the Social Services Block Grant.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	93.667 Social Services Block Grant
Federal Award Numbers:	FFY05 G-0501WASOSR, FFY06 G-0601WASOSR
Applicable Compliance Component:	Suspension and Debarment
Questioned Cost Amount:	None

Background

The Department of Social and Health Services administers the federal Social Service Block Grant (CFDA 93.667). The Department reported total SSBG expenditures of $43,872,173 for fiscal year 2006.
Funds are allocated to the states based on population. The program is designed to provide funds to states to enable them to furnish services that help individuals:

- Achieve or maintain economic self-sufficiency to prevent, reduce or eliminate dependency.
- Prevent or remedy neglect, abuse, or exploitation of children and adults unable to protect their own interests and preserve, rehabilitate or reunite families.
- Prevent or reduce inappropriate institutional care by providing for community-based care, home-based care or other forms of non-institutional care.
- Secure referral or admission to institutional care when other forms of care are not appropriate
- Provide services to individuals in institutions.

States are given wide discretion to determine services to be provided and who may be eligible for them. Additionally, states are allowed to use their allotment for staff training, administration, planning, evaluation, and technical assistance in developing or administering the programs.

Federal grantors prohibit recipients of federal awards from contracting with entities that have been suspended or debarred from receiving federal funds. The federal government can debar a party for convictions for fraud, anti-trust violations, forgery, or other offenses indicating a lack of business integrity or honesty; a history of failure to perform agreements; or a failure to pay a substantial debt. Suspension is usually a preliminary step that may lead to debarment.

Federal regulations offer three options for grant recipients to verify that proposed contractors are not suspended or debarred. In addition, grant recipients must inform their sub-grantees that they are responsible for following the same suspension and debarment requirements.

Description of Condition

The Department did not comply with federal suspension and debarment requirements. We reviewed 10 provider contracts within Children's Administration. Of those, we found four, representing $1,295,218 in federal expenditures, that were not in compliance. However, we determined that the contractors in question were not currently suspended or debarred. As result, we are not questioning the costs for these contracts.

Cause of Condition

These contracts were for psychological/psychiatrist services. The Department stated it recently updated standard federal contract language to include adequate suspension and debarment language in the general terms and conditions. The Department stated psychological/psychiatrist service contracts were not updated as required due to an oversight.

Effect of Condition

When federal suspension and debarment requirements are not met, the Department could enter into contracts with parties excluded from participating in federal contracts. The Department may be liable for any amounts paid to contractors who have been suspended or debarred from receiving federal funds.

Recommendation

We recommend the Department review federal contracts in the Agency Contract Database to ensure they comply with federal suspension and debarment requirements.

Department's Response

The Department agrees with the finding. The Department will review all psychological and psychiatric contracts executed before debarment terms were revised. The Department will review each contractor's status using the Excluded Parties List System Internet Website (EPLS), printing the relevant screen for each search. The Department will date and file the EPLS information in the associated contract records. Necessary action will be taken for any contractors found to be in excluded status.

Auditor's Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Applicable Laws and Regulations

Title 45 of the Code of Federal Regulations, Section 76.220, regarding procurement contracts included as covered transactions, states in part:

> (b) Specifically, a contract for goods or services is a covered transaction if any of the following applies:
>
> > (1) The contract is awarded by a participant in a non-procurement transaction that is covered under Sec. 76.210, and the amount of the contract is expected to equal or exceed $25,000.

45 CFR 76.300 states:

> 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 the EPLS (Excluded Parties List System)
> b) Collecting a certification from that person if allowed by this rule
> c) Adding a clause or condition to the covered transaction with that person.

Federal Findings and Questioned Costs - continued

45 CFR 76.330, subpart C states:

> Before entering into a covered transaction with a participant at the next lower tier, you must require that participant to:
>
> a) Comply with this subpart as a condition of participation in the transaction. You may do so using any method unless section 76.440 requires a specific method be used.
> b) Pass the requirement to comply with this subpart to each person with whom the participant enters into a covered transaction at the next lower tier."

Federal Findings and Questioned Costs - continued

06-28 The Department of Social and Health Services, Division of Alcohol and Substance Abuse used federal funds to pay contractors a guaranteed amount above the actual level of service being provided.

Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
CFDA Number and Title:	93.959 Block Grant for the Prevention and Treatment of Substance Abuse
Federal Award Number:	05B1WASAPT
Applicable Compliance Component:	Allowable Costs
Questioned Cost Amount:	$78,589

Background

The Department administers a $41,218,081 Prevention and Treatment of Substance Abuse block grant. Money for the program is provided by the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. The money is used to for drug and alcohol prevention, treatment and rehabilitation services.

The Division contracts to provide for these services. Division policy states that when a new drug or alcohol program is established, it may guarantee payment to cover up to 100 percent of the facility's capacity for the first 90 days of a new program, regardless of the level of service provided to program participants. Division policy and federal regulations prohibit the use of federal funds for this purpose.

Description of Condition

During our audit, we reviewed nine contracts, or 32 percent of the grant expenditures for fiscal year 2006. We found two contracts that used federal funds to make payment guarantees:

- Contract No. 0512-77992: The grant was charged $60,000 for the first month of the contract when only $30,028 in services were received. The contract guaranteed a minimum payment of $86,500 for the first two months and specified that the $60,000 of it was to be paid with grant funds. All other payments made under the contract were allowable. When we informed the Department of the unallowable cost, it repaid the grant with state funds. The total questioned costs for this transaction are $29,972 ($60,000 less $30,028 for services rendered).

- Contract No. 0512-76678: The grant was charged $48,617 to assist a contractor in converting from providing pregnancy and parenting services to providing adult care. This transition did not occur. The contract provided that $2,586 was to be paid with federal SAPT funds and $48,617 was to be paid with state funds, but this amount was charged to the grant in error. When we informed the Department of the unallowable cost, it repaid $48,617 to the grant. The total questioned costs for this transaction are $48,617.

Cause of Condition

DASA provided that there is a significant business need to obtain new providers and it is necessary to provide guaranteed payments to help cover start up costs to attract these providers to deliver critical services to our programs. The Division states an oversight led to these improper payments.

Effect of Condition and Questioned Costs

The federal grant was charged for services that were not provided. Total questioned costs are $78,589. The Department has repaid the federal grant with state funds.

Recommendations

The Department should ensure federal grant funds are used to pay only for services provided.

Department's Response

We concur with the auditor's finding and will amend future contracts to ensure payments are issued with deliverables.

Auditor's Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Applicable laws and Regulations

Title 45, Code of Federal Regulations, Section 92.22 states:

> (a) Limitation on use of funds. Grant funds may be used only for:
>
> > (1) The allowable costs of the grantees, sub-grantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; and
> > (2) Reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to the grantee or sub-grantee.

Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Government*, Attachment A, Section C.1 and C.3 state:

C.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 this Circular….
> c. Be authorized or not prohibited under State or local laws or regulations…
> j. Be adequately documented.

C.3…A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received."

The Revised Code of Washington (RCW) 43.88.160 Fiscal management -- Powers and duties of officers and agencies…

> This section sets forth the major fiscal duties and responsibilities of officers and agencies of the executive branch. The regulations issued by the governor pursuant to this chapter shall provide for a comprehensive, orderly basis for fiscal management and control, including efficient accounting and reporting therefore, for

the executive branch of the state government and may include, in addition, such requirements as will generally promote more efficient public management in the state... Nothing in this section shall be construed to permit a public body to advance funds to a private service provider pursuant to a grant or loan before services have been rendered or material furnished."

DASA Policy 4.03

A cost reimbursement contract, total fee, or grant may not be extended to a for-profit sub-recipient.

DASA policy 4.06:

A Contract Manager may request that an initial contract will guarantee a level of payment for a new client service contract, other than Title XIX, in order to ensure that the program has an opportunity to recruit and train staff, establish its internal policies and procedures, and to recruit its client base...

Provider Facility Improvements and Start-up Costs...For projects in excess of $10,000 in total, the contract must include language that protects DASA's interest and ensures the long-term operation of the program. The contract will require a minimum five-year period of continued operation of the program and contracting with DASA after the improvements have been funded. If the contract is terminated for any reason before the five-year period is completed, the contractor will be required to refund 20 percent of the total funded improvement costs for every year less than five. Exceptions will require the approval by the Chief Financial Officer and the Division Director...

What is the process for starting up a new program?

A Contract Manager may request than an initial contract will guarantee a level of payment for a new client service contract, other than Title XIX, in order to ensure that the program has an opportunity to recruit and train staff, establish its internal policies and procedures, and to recruit its client base.

1. This is generally an 80 percent to 100 percent guarantee and is limited to the first 90 days after the admission of the first client. Start-up costs will not be paid using Title XIX funds.
2. Agreements for start-up must be approved by the Contract Manager's Office Chief and Chief Financial Officer or Division Director, before any contractual negotiations are made.
3. Additionally, a Contract Manager may request that certain costs necessary for starting up a new program will be covered as cost reimbursement. Again, the amount of start-up funds for setting up a new program and the scope of the items covered must be approved in advance by the Contract Manager's Office Chief, and the Chief Financial Officer, or Division Director. Examples of items that may be covered might be bedding, kitchen supplies, furniture, architectural drawings for Department of Health licensing, or initial lease payments for a residential program. There are no standards for these initial start-up costs for setting up a new program and will depend upon available State funds. Federal funds, from any source, will not be used for this type of start-up for setting up a new program.
4. Exceptions to the above will require written approval by the Division Director, or his designee, prior to the contract being submitted to the designated Contracts Staff person.

06-29 The Department of Social and Health Services, Economic Services Administration, reimbursed contractors for services that were not adequately supported.

Federal Awarding Agency:	U.S. Dept. of Agriculture
Pass-Through Entity:	None
CFDA Number and Title:	10.561 State Administrative Matching Grants for Food Stamp Program
Federal Award Numbers:	2005IS251447, 2006IS251447
Applicable Compliance Component:	Allowable Costs
Questioned Cost Amounts:	
Federal Portion:	$140,542
Local Matching Portion:	$140,542

Background

During fiscal year 2006, the Department of Social and Health Services, Economic Services Administration's Basic Food, Education, and Outreach Program contracted with nine non-profit organizations and one Indian tribe to educate potential applicants about food stamps and to assist them in completing applications. Contractors may sub-contract with other organizations to assist in providing these services. During 2006, $3,240,011was paid for these contracts, half by the federal State Administration Matching Grants for the Food Stamp Program (CFDA 10.561). The grant requires the Department to match, dollar for dollar, federal funds by ensuring an equal amount of local funds are spent on the program. During 2006, the total federal program expenditures were $44,200,787.

The program reimburses contractors each time they provide informational assistance to potential clients through a process known as intake contact. The contract defines intake contact as a five- to 30-minute discussion during which the contractor provides information on how to prepare an application for the program to a potential client. Intake contacts can occur in the contractor's office or in the client's home but must be in person. Contractors are reimbursed $30 to $90 per intake contact, depending on the amount stipulated in the contract.

Contractor's billings sent to the Department must include an invoice, a summary of monthly contacts, and an on-line Basic Food Education Outreach Monthly Activity Report submitted by all contractors.

During our fiscal year 2005 audit, we questioned approximately $273,781, half of which was funded with federal dollars, because the Department did not require any supporting documentation, such as documents signed by clients acknowledging services were received.

Description of Condition

During the current audit, we found the Department made payments to two on-line sub-contractors who used the on-line billing system but did not provide adequate documentation that the contacts occurred.

Cause of Condition

The Department reported it made changes to its procedures June 1, 2006. Those changes included requiring client signatures from contractors for all applications and intake contacts. However, the Department did not have support for either intakes or applications for these two subcontractors for payments made throughout state fiscal year 2006.

Federal Findings and Questioned Costs - continued

Effect of Condition and Questioned Costs

We question $140,542 in federal dollars and $140,542 in local matching funds for payments made to two subcontractors. Conditions that allowed the 2005 condition to occur and go undetected continued through most of the fiscal year 2006.

Recommendation

We recommend the Department continue its efforts to improve contract monitoring, including requiring client signatures as support for contractor payments.

Department's Response

The Department concurs with this finding.

The auditor completed the audit in February 2006 and the Department completed the Corrective Action Plan (CAP) in April 2006. With desired implementation of the CAP effective June 1, 2006:

The Department stated in the new CAP that changes would be made effective June 1, 2006. Due to the short time frame between audit completion and CAP implementation and a large backlog of monthly monitoring for verification, June information was not available at the time of the audit for the auditor to review. This backlog has been corrected and information/verification is now being received and reviewed by the Department in a timely manner.

In June 2006, the Department began monitoring to the conditions of the new contract and the Department continues to monitor signature documentation for Outreach contracts. The new contract states: "Contractors will be required to maintain back up documentation of client intake and application assistance contacts… to contain a minimum of client name, date of birth, signature, phone number or contact information, and date of service".

The Department disagrees with the questioned costs of $140,542 in federal dollars and $140,542 in local matching funds listed in the finding for Fiscal Year 2006. Prior to the amended contract changes in June 2006, the contractors were not required to provide proof of signatures or dates of service for intake contacts. However in last years audit the Department sampled 75% of over 7,000 contacts and were able to verify that a contact or assistance occurred in each of the samples. The contractors are providing these services and should be eligible to receive payment for services provided in the contract.

Auditor's Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Federal Findings and Questioned Costs - continued

Applicable Laws and Regulations

U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* Subpart C, Section .300 states in part:

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 . . .

Subpart A, Section .105 of Circular A-133 further states in part:

Questioned cost means a cost that is questioned by the auditor because of an audit finding...
(2) Where the costs, at the time of the audit, are not supported by adequate documentation.

U.S. Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments,* Attachment A, Section C, Basic Guidelines, states in part:

Factors affecting allowability of costs:

1. To be allowable under Federal awards, costs must meet the following general criteria:

   j. Be adequately documented.

The Office of Financial Management State Administrative and Accounting Manual, Section 85.32.10, states in part:

...At a minimum, agencies are...to establish and implement the following:

1. Controls to ensure that all expenditures/expenses and disbursements are for lawful and proper purposes....

The Department's Administrative Policy 13.11, General Contract Monitoring, states its purpose is to provide Department staff with general contract monitoring guidance that can reasonably ensure:

(1) The Department receives goods and services that are paid through the contracting process.

(2) The contractor meets the scope of work and specifications identified in the contract.

Federal Findings and Questioned Costs - continued

06-30 The Interagency Committee for Outdoor Recreation did not comply with federal requirements for suspension and debarment for the Salmon Recovery Program.

Federal Awarding Agency: U.S. Department of Commerce
Pass-Through Entity: None
CDFA Number and Title: 11.438 Salmon Recovery
Federal Award Numbers: NA05NMF4381269, NA04NMF4380260, NA03NMF4380227, NA16FP2596, NA06FP0201
Applicable Compliance Component: Suspension and Debarment
Questioned Cost Amount: None

Background

The Interagency Committee for Outdoor Recreation administers the federal Salmon Recovery Program. The program is designed to protect or restore salmon habitat and to assist with related activities such as conservation. The Agency reported federal Salmon Recovery Program expenditures of $28,105,653. Of this, $27,245,689 was passed through to sub-grantees such as local governments and non-profit organizations.

Federal grantors prohibit recipients of federal awards from contracting with entities that have been suspended or debarred from receiving federal funds. The federal government can debar a party for convictions for fraud, anti-trust violations, forgery, or other offenses indicating a lack of business integrity or honesty; a history of failure to perform agreements; or a failure to pay a substantial debt. Suspension is usually a preliminary step that may lead to debarment.

Federal regulations effective in November 2003 offer three options for grant recipients to verify that proposed contractors are not suspended or debarred. In addition, grant recipients must inform sub-grantees they are responsible for following the same suspension and debarment requirements.

Description of Condition

The Agency included a certification of suspension and debarment in the contracts but did not include a notification that the sub-grantees also have responsibilities regarding suspension and debarment when they make further awards or vendor payments.

Cause of Condition

The Agency thought the contracts contained the prescribed language regarding suspension and debarment.

Effect of Condition

Sub-grantees' lack of knowledge could make them susceptible to receiving their own audit findings if they also fail to follow suspension and debarment requirements. The Agency may be liable for any amounts paid by the sub-grantees to contractors who have been suspended or debarred from receiving federal funds.

Recommendations

We recommend the Agency review its contracts to ensure they comply with the suspension and debarment requirements.

Federal Findings and Questioned Costs - continued

Entity's Response

The Agency agrees with this audit finding. We believed our certification format was adequate, but we have learned the specific text was out of date. We have included new language in our contracts, which has been reviewed by the Auditor. This new language includes an expanded certification regarding suspension and debarment, and sub-contract agreements. Effective January 10, 2007 all federally funded agreements will include this certification.

Auditor Concluding Remarks

We appreciate the Agency's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We appreciate the cooperation from Agency staff during this audit.

Applicable laws and Regulations

Title 15 of the Code of Federal Regulations (CFR), Section 26.220, regarding procurement contracts included as covered transactions, states in part:

> (b) Specifically, a contract for goods or services is a covered transaction if any of the following applies:
>
> (1) The contract is awarded by a participant in a non-procurement transaction that is covered under Sec. 26.210, and the amount of the contract is expected to equal or exceed $25,000.

15 CFR 26.300 states:

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 the EPLS (Excluded Parties List System), or
> b) Collecting a certification from that person if allowed by this rule, or
> c) Adding a clause or condition to the covered transaction with that person.

15 CFR 26.330, subpart C states:

Before entering into a covered transaction with a participant at the next lower tier, you must require that participant to:

> a) Comply with this subpart as a condition of participation in the transaction. You may do so using any method unless section 26.440 requires a specific method he used.
> b) Pass the requirement to comply with this subpart to each person with whom the participant enters into a covered transaction at the next lower tier.

06-31 The Department of Social and Health Services is not complying with federal requirements for time and effort reporting for the federal Vocational Rehabilitation Program.

Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
CDFA Number and Title:	84.126 Vocational Rehabilitation Grants to States
Federal Award Number:	H126A050071
Applicable Compliance Component:	Allowable Costs
Questioned Cost Amount:	$20,815

Background

The Department of Social and Health Services, Division of Vocational Rehabilitation, administers the federal Vocational Rehabilitation Program (CFDA 84.126). The program's purposes are to design, assess, plan, develop, and provide VR services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that such individuals may prepare for and engage in gainful employment. The Department received $48,633,147 through this program in fiscal year 2006.

Federal requirements specify how employee salaries and wages charged to the grant are to be documented. For employees who work on multiple activities or cost objectives, payroll costs charged directly to federal awards are to be supported by monthly personnel activity reports or equivalent documentation, such as time sheets. The time records are to reflect the actual hours employees work on each program and are used as a basis for requesting federal funds. Budget estimates are allowable on an interim basis if adjustments to actual costs are made at least quarterly. If an employee works on one federal activity, only semi-annual certifications signed by the employee or a supervisor are required to meet federal requirements.

The Office of Financial Management has delegated the responsibility for determining the best method for fulfilling these requirements to each state agency receiving federal money.

Description of Condition

We have reported findings in this area for the Division for the past three years. We reported time charged to the program funds was based on budgeted percentages rather than actual amounts and that the Division was not aware of federal time and effort reporting requirements for employees who work 100 percent on a grant program.

During this year's audit, we found that six employees who worked on multiple grants used budgeted distributions of their time, but adjustments to actual costs were not made. The employees also did not complete required monthly time records.

Cause of Condition

In response to prior findings, the DSHS revised its time allocation policy. Employees who worked on multiple projects or cost objectives were required to submit semi-annual certifications under the DSHS policy. Employees believed that if they signed these semi-annual certifications that they met the federal requirements.

Although the six employees in question charged time to the Vocational Rehabilitation grant, they were not Division of Vocational Rehabilitation employees, and the division stated it did not have the authority to require time and effort documentation because of this. The division relied on other DSHS divisions to ensure that these employees met time and effort reporting requirements. The Division of Vocational Rehabilitation still has responsibilitiy to ensure all costs charged to the federal program are adequately supported in accordance with federal requirements.

Federal Findings and Questioned Costs - continued

Effect of Condition and Questioned Costs

Without adequate time and effort documentation, federal grantors cannot be assured that salaries and benefits charged to programs are accurate and valid. This could jeopardize future federal funding to the state. We are questioning costs of $20,815.

Recommendations

We recommend the Department:

- Consult with the federal grantor to determine whether questioned costs should be repaid.
- Revise its policy with to meet federal requirements for time and effort reporting for employees who work on more than one grant program.
- Further the policy should require employees who work for more than one division, to submit a copy of their monthly time and effort records to all federal programs so that each division can have effective control over payroll costs charged to its federal programs.
- Provide training to employees to ensure these reporting requirements are met.

Department's Response

The Department agrees with the finding.

The past time certifications have been completed but without adequate time and effort documentation. While the Department understands its responsibility to ensure all costs charged to the federal program are adequately supported in accordance with federal requirements, fiscal staff have not been successful getting the required documentation from programs outside the Department's Division of Vocational Rehabilitation (DVR).

DVR will work with the program(s) which own the position. The owning of a position has been clarified recently for positions that are split between/among programs, the program identified in the HRMS org unit will be responsible for completing the certification. It will be the responsibility of the identified program to update the Personnel Action Request form with the data obtained from the Personnel Activity records on a quarterly basis. This will allow the costs associated with these positions to be charged correctly to the various federal funding sources.

The Department agrees that training should and will be provided later this year to its administrations on the recordkeeping and cost allocation for positions that are coded to multiple programs.

Auditor's Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Federal Findings and Questioned Costs - continued

Applicable laws and Regulations

The U.S. Office of Management and Budget's *Cost Principles for State, Local and Indian Tribal Governments*, Circular A-87:

Attachment A, Section C.3 of the Circular requires allocable costs to be chargeable or assignable in accordance with the relative benefits received.

Attachment B, Section 8(h) of the Circular states in part:

Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

(1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

(2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.

(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.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

(a) More than one Federal award,
(b) A Federal award and a non Federal award,
(c) An indirect cost activity and a direct cost activity,
(d) Two or more indirect activities which are allocated using different allocation bases, or
(e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

(a) They must reflect an after the fact distribution of the actual activity of each employee,
(b) They must account for the total activity for which each employee is compensated,
(c) They must be prepared at least monthly and must coincide with one or more pay periods, and
(d) They must be signed by the employee.
(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:

(i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
(ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
(iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

(6) Substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.

(a) Substitute systems which use sampling methods (primarily for Temporary Assistance to Needy Families (TANF), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

(i) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in subsection (c);
(ii) The entire time period involved must be covered by the sample; and
(iii) The results must be statistically valid and applied to the period being sampled.

(b) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.
(c) Less than full compliance with the statistical sampling standards noted in subsection (a) may be accepted by the cognizant agency if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the governmental unit will result in lower costs to Federal awards than a system which complies with the standards.

(7) Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under Federal awards.

Federal Findings and Questioned Costs - continued

06-32 The Department of Social and Health Services, Division of Disability Determination Services received reimbursement for unallowable costs for the Social Security Disability Insurance Programs.

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:	4-0604WAD100
Applicable Compliance Component:	Allowable Costs
Questioned Cost Amount:	$62,931.38

Background

The Department of Social and Health Services, Division of Disability Determination Services, administers the Social Security Disability Insurance Program (CFDA 96.001) with funds from the U.S. Social Security Administration.

This program pays monthly cash benefits to eligible claimants to replace earnings lost due to physical or mental impairments that prevent the individual from working. State agencies make initial disability determinations for the federal government, which pays the agencies for making the determinations. During fiscal year 2006, the Division spent $33,361,519 in federal funds to determine claimants' medical eligibility for disability benefits.

Federal regulations require states to follow their own laws and regulations when spending federal funds. Washington has minimum standards for documentation to support expenditures.

Description of Condition

The Division, the Social Security Administration and the Washington State Patrol entered into a memorandum of understanding in October 2004 to create a unit to investigate cases of possible disability fraud. The agreement names specific allowed costs for the Patrol and states the Division will reimburse the Patrol only for those costs. The agreement does not include any provision for indirect costs.

We reported this issue as a finding in the 2005 Statewide Single Audit. We questioned $76,021 in payments made under this contract for unallowable indirect costs and payments made without adequate support.

During the current audit, we reviewed a summary of costs paid to the Patrol for July 2005 through March 2006, which included payment of $62,931.38 in indirect costs to the Patrol. These payments were unallowable under terms of the agreement and federal and state regulations.

Cause of Condition

The Division did not adequately review the transaction and the memorandum of understanding to determine which costs were allowable.

Effect of Condition and Questioned Costs

The Division was paid $62,931.38 in unallowable costs. We are questioning these costs.

Recommendations

We recommend the Division:

- Strengthen its review of documentation before making future payments and requesting reimbursement.
- Review prior billings to determine if it paid other unallowable costs, request reimbursement for any improper amounts from the Patrol, and reimburse the federal grantor for these amounts.

Department's Response

During State Fiscal Year 2006, the Division of Disability Determination Services (DDS) was operating under a Memorandum of Understanding (MOU) between Social Security Administration (SSA), the Office of Inspector General (OIG), the Washington State Patrol (WSP) and DDS that was dated October 2004. This MOU did not have any written provisions for paying WSP indirect costs.

Per our State Fiscal Year 2005 corrective action plan, the Division was to incorporate language that includes the payment of indirect costs in the next revision of the MOU expected to be issued and signed October 2006. However, due to the number of appointing authorities required to sign this document and geographical dispersion, the MOU has not been signed by all parties.

The Division fully expects that the MOU will have all required signatures by February 2007

Auditor's Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Applicable Laws and Regulations

Title 20 of the Code of Federal Regulations, Section 437, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, states in part:

> 437.20 Standards for financial management systems. Financial Administration:
>
> (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds.
> (b) The financial management systems of other grantees and sub-grantees must meet the following standards:
>
> > (5) Allowable cost. Applicable OMB cost principles, SSA program regulations, and the terms of grant and sub-grant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
> > (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and sub-grant award documents, etc.

Federal Findings and Questioned Costs - continued

The Office of Financial Management's State Administrative and Accounting Manual lists the following accounting and control requirements for State Agencies in Section 85.32.10:

> It is the responsibility of the agency head, or authorized designee, to certify that all expenditures/expenses and disbursements are proper and correct. Agencies are responsible for processing payments to authorized vendors, contractors, and others providing goods and services to the agency. Agencies are to establish and implement procedures following generally accepted accounting principles.

Federal Findings and Questioned Costs - continued

06-33 The Department of Social and Health Services, Division of Disability Determination Services charged unallowable costs to Social Security Disability Insurance Programs.

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:	4-0604WADI00
Applicable Compliance Component:	Allowable Costs
Questioned Cost Amount:	$10,520

Background

The state Department of Social and Health Services, Division of Disability Determination Services administers the Social Security Disability Insurance and the Supplemental Security Income programs. The disability insurance program was established to provide benefits to disabled wage earners and their families should the wage earner become disabled. The supplemental security income program provides benefits to financially needy individuals who are aged, blind or disabled. These programs are funded by the U.S. Social Security Administration. During fiscal year 2006, the Division spent $33,360,715 in federal funds to determine claimants' medical eligibility for disability benefits.

The disability process begins when an applicant completes a claim for benefits. The claim is forwarded to the Department for a medical determination of disability. In addition to making disability determinations for claimants under Social Security Administration programs, the Department also performs disability determinations for individuals applying for assistance under Medicaid Title XIX. Medicaid is not funded by the Social Security Administration.

The cost of making disability determinations is shared by the Social Security Administration and Medicaid programs. The Department and the Social Security Administration have entered into an agreement that stipulates how costs are to be charged to each grant.

Description of Condition

In reviewing charges to the grant, we found the Department used an incorrect percentage to allocate shared costs. In September 2006, the Division had identified an error that affected the percentages used from January 2006 through August 2006, but did not adjust its billing.

Cause of Condition

The Department stated it did not determine the amount of the error or adjust the billing because staff assumed the error was minimal.

Effect of Condition and Questioned Costs

The Department charged the Social Security Administration $10,520 in unallowable costs. We are questioning these costs.

Recommendations

We recommend the Department

- Return the unallowable reimbursements to Social Security Administration.
- Strengthen internal controls to ensure accurate calculations.

Department's Response

The Department agrees with this finding.

The Division of Disability Determinations Fiscal Unit staff use an Excel spreadsheet to calculate monthly the rate of non-grant/Medicaid only cases that will be charged in the cost allocation system the following month. The spreadsheet is used to determine the amount of administrative cost to be charged to the Social Security Administration and the amount to be charged to Medicaid. The spreadsheet contained a formula error that carried forward for the next six months. The formula error caused the rate to be off by a thousandth of a percentage. The formula error in the spreadsheet was noticed and corrected in September 2006. Based on our calculations, the Division overcharged the Social Security Administration $10,520 over the six month period that the formula error went undetected. The Division will contact SSA to determine if repayment is necessary.

Auditor Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Applicable laws and Regulations

U.S. Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, states:

Attachment A, Section C

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:…

   b. Be allocable to Federal awards under the provisions of this Circular.

3. Allocable costs.

   a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

Federal Findings and Questioned Costs - continued

The Memorandum of Understanding between the U.S. Social Security Administration and the State of Washington Department of Social and Health Services provides:

Section E. Determination of Costs

On a monthly basis, the total cost for processing the Title XIX workload will be determined by both actual charges for such items as postage, medical evidence and claimant travel, and by using the cumulative shared costs method for other cost items

1. Direct Costs
   a. Those items that can be actually charged to individual Title XIX cases:
      i. Purchased Medical Evidence of Record
      Ii. Consultative Examinations/Testing
      iii .Applicant Travel
      iv. Interpreter Service, if required
      v. Postage
   b. The cost of purchased evidence will be charged as incurred directly to the Medicaid program.

2. Shared Costs:
   a. To arrive at total shared costs, the cost of the services listed under direct charges for Medicaid will be subtracted from DDS total costs.
   b. The remaining costs will be computed using the following formula:

$$\text{Medicaid \%} = \frac{\text{The Number of Medicaid Cases}}{\text{Total Number of SSA, Purified Cases + Medicaid Cases}}$$

   c. The Medicaid percentage will be applied to the total shared costs for the period to arrive at Medicaid's cumulative shared cost obligation for the period. . .

Federal Findings and Questioned Costs - continued

06-34 The Department of Social and Health Services, Division of Disability Determination Services, did not comply with state and federal regulations when contracting for services paid with Social Security Disability Insurance Program funds.

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:	4-0604WADI00
Applicable Compliance Component:	Procurement
Questioned Cost Amount:	None

Background

The Department of Social and Health Services, Division of Disability Determination Services, administers the Social Security Disability Insurance Program (CFDA 96.001) with funds from the U.S. Social Security Administration. This Program pays monthly cash benefits to eligible claimants to replace earnings lost due to physical or mental impairments that prevent the individual from working. In general, State agencies make initial disability determinations for the federal government, which then pays them, either in advance or in reimbursement, for the costs of making such determinations. During fiscal year 2006, the Division spent $33,360,715 in federal funds to determine claimants' medical eligibility for disability benefits.

To assist in making proper determinations, the Division purchases medical examinations, X-ray services and laboratory tests to supplement evidence obtained from the claimants' physicians or other health care sources. These purchases are for personal services known as consultative evaluations and are obtained from two sources: individual medical professionals and companies that employ or subcontract with medical professionals. In state fiscal year 2006, the Division spent $6,077,258 for consultative evaluations.

During our state fiscal year 2005 audit, the Department received a finding because the Division did not follow state competitive procurement processes applicable to personal service contracts. The Division disagreed with the finding, stating it believed the services were considered client services, which are exempt from competitive procurement requirements. The Office of Financial Management was consulted regarding the proper classification for these services, and subsequently determined that the services provided to claimants by physicians, psychologists, and psychiatrists are in fact, to be classified as personal services and therefore subject to competitive procurement procedures.

Federal regulations applicable to the awarding of federal funds to states require the states to follow their own laws and regulations for contracting for services with these funds. Personal service contracts in this state must follow prescribed procurement regulations, including a formal competitive procurement process if the amount is more than $20,000.

Federal Findings and Questioned Costs - continued

Description of Condition

The Division did not comply with state regulations for contract procurement and therefore is not in compliance with federal regulations. During our review, we found:

For consultative evaluations by individual medical practitioners:

- No competitive procurement process was followed for these services. The Division learned of interested providers informally through word-of-mouth. Many practitioners were paid amounts that substantially exceeded the threshold of $20,000, requiring a formal competitive procurement process.
- No written contracts existed for any of these services.

Cause of Condition

The Department did not change its contracting practices pending a formal determination from the Office of Financial Management on the proper classification of the services in question. The determination was made at the end of Fiscal Year 2006, so any contracts let for 2006 were still not in compliance with Personal Service Contracting Rules. The department has changed its contracting for consultative evaluations effective for State Fiscal Year 2007.

Effect of Condition

The Department cannot ensure the state's resources were used in the most economical manner possible. In addition, the state may not be adequately protected when more than $6 million in services is purchased without written contracts and terms.

Recommendation

We recommend the Department:

- Properly classify consultative evaluation contracts as personal service contracts.
- Follow appropriate competitive procurement procedures.
- Prepare and maintain contract documentation for consultative evaluations by individual medical practitioners.

Department's Response

The Department agrees with the finding.

The Division of Disability Determinations Services obtains the services of medical providers to perform medical and psychological evaluations that assist with disability determinations of claimants who apply for Social Security Disability payments. During State Fiscal Year 2005, the Division received a finding for not competitively procuring for these services and not contracting with these providers.

Federal Findings and Questioned Costs - continued

As a result of the 2005 finding, the Division received a decision from the Washington State Office of Financial Management (OFM) in April 2006 regarding whether a contract with a medical provider who examines disability claimants would be considered a personal service contract or a client service contract. OFM determined that these types of contracts were personal service contracts. As we indicated in our corrective action plan for the 2005 finding, the Division is in the process of developing a personal service contract for our medical providers. Our goal is to develop and implement the new contracts by October 2007. Once implemented, the Division will have all medical providers who examine disability claimants under contract.

The Division has received guidance from and will work with the Department's Central Contract Services to meet the competitive procurement requirements for personal service contracts as defined by OFM.

Auditor's Concluding Remarks

We appreciate the Department's commitment to resolving the issues identified in the finding and will review the corrective action in the fiscal year 2007 audit. We also appreciate the cooperation extended to us throughout the audit by Department staff.

Applicable Laws and Regulations

The U.S. Office of Management and Budget's *Cost Principles for State, Local and Indian Tribal Governments*, Circular A-87, Attachment A, Section C states in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

    c. Be authorized or not prohibited under State or local laws or regulations.

RCW 39.29.006 states in part:

> (3) "Competitive solicitation" means a documented formal process providing an equal and open opportunity to qualified parties and culminating in a selection based on criteria which may include such factors as the consultant's fees or costs, ability, capacity, experience, reputation, responsiveness to time limitations, responsiveness to solicitation requirements, quality of previous performance, and compliance with statutes and rules relating to contracts or services.
>
> (7) "Personal service" means professional or technical expertise provided by a consultant to accomplish a specific study, project, task, or other work statement.

RCW 39.29.011 states in part:

> All personal service contracts shall be entered into pursuant to competitive solicitations, except for...
>
> (1) Emergency contracts;
> (2) Sole source contracts;
> (3) Contract amendments;

Federal Findings and Questioned Costs - concluded

(4) Contracts between a consultant and an agency of less than twenty thousand dollars. However, contracts of five thousand dollars or greater but less than twenty thousand dollars shall have documented evidence of competition. Agencies shall not structure contracts to evade these requirements.

The Office of Financial Management's *State Administrative and Accounting Manual*, states in Section 15.10.10:

Personal services are to be procured and awarded by state agencies in accordance with the requirements of Chapter 39.29 RCW.

Section 15.20.30.a states:

Competitive solicitation for contracts of $20,000 or greater requires a documented, formal solicitation process as described in the following subsections. *(Auditor's note: Following this section are detailed regulations for this process.)*

Section 20.20.20 states in part:

Each agency director is responsible for establishing and maintaining an effective system of internal control throughout the agency.

The Office of Financial Management's *Guide to Personal Service Contracting*, Section 1.3, states in part:

Personal services are professional or technical services provided by a consultant to accomplish a specific study, project, task, or other work statement. Consultants, who provide personal services, serve state agencies as objective advisers by rendering professional opinions, judgments, or recommendations.

Section 1.6 of the *Guide* lists as an example of personal services:

Medical and psychological services, including evaluation and consultative services

The Office of Financial Management's *Guide to Client Service Contracting*, Introduction, page 2, states in part:

Clients are those <u>individuals</u> the agency has statutory responsibility to serve, protect, or oversee.

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

Institute of Museum 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
03.301	Museums for America	R00403	360	63,395	0	PT
03.301			395	69,826	0	
	Federal Program 03.301 Total			**133,221**	**0**	
03.310	Grants to States		085	3,027,724	650,296	
	Federal Program 03.310 Total			**3,027,724**	**650,296**	
03.312	National Leadership Grants		360	103,187	0	
03.312		A14629	360	3	0	PT
03.312		P.O. #A14629, R00304	360	7,646	0	PT
	Federal Program 03.312 Total			**110,836**	**0**	
	Institute of Museum Services Total			**3,271,781**	**650,296**	

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

National Endowment for the Arts

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
05.000	NEA, Contract Number Only Provided	MP5000606	360	4,126	0	
	Federal Program 05.000 Total			**4,126**	**0**	
05.024	Promotion of Arts-Grnts to Organ & Indiv		360	6,843	0	
05.024			376	8,435	0	
05.024			387	46,231	0	
05.024			465	24,596	0	
	Federal Program 05.024 Total			**86,105**	**0**	
05.025	Promotion of Arts-Partnership Agreements		387	627,200	0	
	Federal Program 05.025 Total			**627,200**	**0**	
	National Endowment for the Arts Total			**717,431**	**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

Nat'l Endowment for the Humanities

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
06.000	NEH, Contract Number Only Provided	44996-7635	360	2,698	0	PT
06.000		FA-52032-05	360	40,090	0	
06.000		FB-38396	360	(3)	0	
06.000		PA5036104	360	(122)	0	
	Federal Program 06.000 Total			**42,663**	**0**	
06.129	Promotion of the Humanities-Fed/St Partnershp	531711,33,66	370	2,501	0	PT
06.129		1T60	699	5,000	0	PT
	Federal Program 06.129 Total			**7,501**	**0**	
06.149	Promo Humanity-Preservatn Offc	X0073AA	365	12,053	0	PT
	Federal Program 06.149 Total			**12,053**	**0**	
06.160	Promo of the Humanities-Fllwshps & Stipnds		360	1	0	
	Federal Program 06.160 Total			**1**	**0**	
06.162	Promo of the Humanities-Educ Devl & Demo		699	3,434	0	
	Federal Program 06.162 Total			**3,434**	**0**	
06.163	Promo of the Humanities-Seminars & Institutes		380	98,259	0	
	Federal Program 06.163 Total			**98,259**	**0**	
	Nat'l Endowment for the Humanities Total			**163,911**	**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

Office of Nat'l Drug Control Policy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
07.000	ONDCP, Contract Number Only Provided	10058	080	32,000	0	PT
07.000		C040882FED	225	190,995	63,186	
07.000		C050517FED	225	907,275	0	
07.000		C050578FED	225	247,085	0	PT
07.000		C060802FED	225	391,771	0	
	Federal Program 07.000 Total			**1,769,126**	**63,186**	
	Office of Nat'l Drug Control Policy Total			**1,769,126**	**63,186**	

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

Peace Corps

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
08.000	Peace Corps, Contract Number Only Provided	PC058076	365	4,637	0	
	Federal Program 08.000 Total			**4,637**	**0**	
	Peace Corps Total			**4,637**	**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
10.000	USDA, Contract Number Only Provided	2004-04329	360	23,812	0	PT
10.000		UW BUD# 662090	360	19,921	0	PT
10.000		UW BUD# 668737	360	13,045	0	PT
10.000		02JV11221617037	365	16,534	0	
10.000		0300903V	365	7,659	0	PT
10.000		03DG11221600252	365	17,168	0	
10.000		03JV11231300059	365	6,059	0	
10.000		04012ETX	365	253	0	PT
10.000		04015ETX	365	31,565	0	PT
10.000		04025ETX	365	32,412	0	PT
10.000		04IE08310077	365	17,995	0	
10.000		04IE08310108	365	61,019	0	
10.000		04JV11222062152	365	16,722	0	
10.000		04JV11222065093	365	665	0	
10.000		04JV11272138439	365	22,737	0	
10.000		05008ETX	365	43,351	0	PT
10.000		0500949950	365	99,913	0	PT
10.000		05014ETX	365	378	0	PT
10.000		05020ETX	365	1,061	0	PT
10.000		05024ETX	365	5,906	0	PT
10.000		05026ETX	365	2,590	0	PT
10.000		05295900	365	22,391	0	PT
10.000		05DG11052021061	365	35,251	0	
10.000		05IE08310224	365	39,817	192	
10.000		05JV11231300021	365	32,409	0	
10.000		05JV11272137048	365	10,298	0	
10.000		05JV11272138053	365	28,703	0	
10.000		06CS112216522129	365	4,754	0	
10.000		06JV11221617125	365	4,375	0	
10.000		200101ETX	365	355	0	PT
10.000		4304H130003	365	(1,307)	0	
10.000		433AEK380114	365	179,919	0	
10.000		433AEM380086	365	28,466	0	
10.000		433AEP380074	365	40,286	0	
10.000		433AEU180055	365	13,605	0	
10.000		433AEU480093	365	79,652	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 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	USDA, Contract Number Only Provided	433EAU580039	365	98,106	0	
10.000		43639560416	365	37,695	0	
10.000		497128095	365	407	0	PT
10.000		5831485094	365	113,411	103,101	
10.000		6805462021	365	(2,162)	0	
10.000		683A754201	365	68,696	2,000	
10.000		68748241Y	365	113	0	
10.000		745453	365	2,925	0	PT
10.000		93001ETX	365	(10)	0	PT
10.000		9901707V	365	3,572	0	PT
10.000		AEX00331900111	365	14,820	0	PT
10.000		CA0411	365	11,214	0	PT
10.000		CR19276428024	365	34,901	0	PT
10.000		FRA4168	365	93,372	0	
10.000		GUAR30194621	365	10,443	0	
10.000		GUAR30284554	365	13,185	0	PT
10.000		GUAR30587563	365	11,447	0	PT
10.000		GUAR33614184	365	1,782	0	PT
10.000		GUAR41651263	365	15,619	0	PT
10.000		GUAR41801413	365	10,049	0	
10.000		MOWAF302	365	9,283	0	
10.000		PNW00JV11261991084	365	(7,190)	0	
10.000		PNW03JV11261975171	365	37,019	0	
10.000		PNW04CA11261987110	365	13,289	0	
10.000		RFA4168	365	18,473	15,323	
10.000		SA3262	365	(245)	0	PT
10.000		WSU000130	365	(2)	0	PT
10.000		WSU000157	365	8,436	0	PT
10.000		WSU000168	365	21,190	0	PT
10.000		WSU000169	365	5,523	0	
10.000		WSU000195	365	24,051	0	
10.000		WSU000206	365	67,206	0	PT
10.000		WSU000239	365	5,873	0	PT
10.000		02-CS-11062200-001	460	28,065	0	
10.000		06-CS-110609500-032	477	2,484	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 Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 10.000 Total			**1,732,779**	**120,616**	
10.025	Plant/Animal Disease & Pest Ctl		365	41,699	0	
10.025			477	49,706	0	
10.025			495	2,169,000	0	
	Federal Program 10.025 Total			**2,260,405**	**0**	
10.069	Conservation Reserve Program		477	5,625	0	
	Federal Program 10.069 Total			**5,625**	**0**	
10.156	Marketing Improvement Program		495	34,252	0	
	Federal Program 10.156 Total			**34,252**	**0**	
10.163	Market Protection & Promotion		495	1,331,516	0	
	Federal Program 10.163 Total			**1,331,516**	**0**	
10.210	Natl Needs Grad Fellowship Grt		365	65,298	0	
	Federal Program 10.210 Total			**65,298**	**0**	
10.217	Higher Ed Challenge Grants	BFK842B	365	34,573	0	PT
10.217		BJK78502	365	(100)	0	PT
10.217		BJKE16WSU	365	28,180	0	PT
10.217			375	61,564	11,644	
	Federal Program 10.217 Total			**124,217**	**11,644**	
10.223	Hispanic-Serving Institutions Educ Grants		699	180,481	0	
	Federal Program 10.223 Total			**180,481**	**0**	
10.226	Secondary/2Yr Pstsecndry Agrcultre Educ Chal Grnts		699	41,689	0	
	Federal Program 10.226 Total			**41,689**	**0**	
10.302	Initiative for Future Agriculture & Food Sys		365	867,896	359,672	
10.302		00470401	365	9,242	0	PT
10.302		00RA4654KG	365	3,566	0	PT
10.302		00RA4654WA	365	19,829	0	PT
10.302		1600	365	(8)	0	PT
10.302		40414676745	365	65,025	0	PT
10.302		GC02801Z1585	365	546	0	PT
10.302		SC01037611	365	6,435	0	PT
	Federal Program 10.302 Total			**972,531**	**359,672**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington
Schedule of Expenditures of Federal Awards

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Federal Programs Not Clustered

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.303	Integrated Programs		365	368,982	91,355	
10.303		00RA2416WA	365	10,546	0	PT
10.303		00RA4870WSU	365	4,679	0	PT
10.303		2216WSUUSDA1367	365	56	0	PT
10.303		2563210113004	365	31	0	PT
10.303		745914962099	365	51,824	0	PT
10.303		BJK748WSU	365	(14)	0	PT
10.303		BJK748WSUCES	365	(1,902)	0	PT
10.303		BJKE27WSUCES	365	166,787	0	PT
10.303		G14101	365	5,402	0	PT
10.303		K009607WA1	365	6,580	0	PT
10.303		K009607WA2	365	521	0	PT
10.303		K009607WA3	365	43,626	0	PT
10.303		K009607WA4	365	10,400	0	PT
10.303		K009607WA5	365	2,588	0	PT
10.303		K009607WA6	365	5,039	0	PT
10.303		K011656	365	9,564	0	PT
10.303		SA4197	365	101,377	0	PT
10.303		Y432650	365	42,249	0	PT
10.303		Y772789	365	(1,095)	0	PT
	Federal Program 10.303 Total			**827,240**	**91,355**	
10.304	Homeland Security_Agricultural		365	383,794	0	
10.304		K00779713	365	32,046	0	PT
	Federal Program 10.304 Total			**415,840**	**0**	
10.446	Rural Community Development Initiative		300	5,513	0	
	Federal Program 10.446 Total			**5,513**	**0**	
10.450	Crop Insurance		365	45,585	13,553	
10.450			495	101,331	0	
	Federal Program 10.450 Total			**146,916**	**13,553**	
10.456	Partnrshp Agreemnts/Non-Insurance Risk Mgt Tools		365	110,453	41,690	
10.456		WSU000167	365	2,177	0	PT
10.456		WSU000190	365	29,530	0	PT
10.456		WSU000191	365	10,316	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington
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Federal Programs Not Clustered

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 10.456 Total			**152,476**	**41,690**	
10.457	Commodity Partnerships for Risk Management Education		365	117,909	2,251	
	Federal Program 10.457 Total			**117,909**	**2,251**	
10.500	Cooperative Extension Service		365	7,641,083	800,104	
10.500		041549006	365	22,149	0	PT
10.500		04ACES539109WSU	365	(6,835)	0	PT
10.500		ACES/ASATPYD806	365	71,839	0	PT
10.500		ACESASATPYD80405	365	23,138	0	PT
10.500		BJKC96WSU	365	3,355	0	PT
10.500		BJKD54WSU	365	2,362	0	PT
10.500		C028834	365	(29)	0	PT
10.500		C031935	365	32,864	0	PT
10.500		NI15	365	2,195	0	PT
10.500		S04048	365	16,927	0	PT
10.500		S4079036501	365	94,448	0	PT
10.500		UTSTUNV46453	365	6,427	0	PT
10.500		UTSTUNV46456WA	365	6,813	0	PT
10.500		UTSTUNV61306128STATE	365	311	0	PT
10.500		UTSTUNV6225	365	401	0	PT
10.500		WSU000189	365	13,325	0	PT
10.500		WSU000302	365	(35,380)	0	PT
10.500		WSU0501	365	10,300	0	PT
	Federal Program 10.500 Total			**7,905,693**	**800,104**	
10.550	Food Distribution (H)		300	54,236	0	NC
10.550			310	2,830	0	NC
10.550			350	15,421,107	0	NC
	Federal Program 10.550 Total			**15,478,173**	**0**	
10.557	Spec Suppt'l Nutrition Pgm for WIC		303	107,085,720	21,792,945	
	Federal Program 10.557 Total			**107,085,720**	**21,792,945**	
10.558	Child Care Food Program (A,H)		350	39,039,160	38,673,157	
	Federal Program 10.558 Total			**39,039,160**	**38,673,157**	
10.560	State Admin - Child Nutrition		350	2,910,521	7,559	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington
Schedule of Expenditures of Federal Awards

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Federal Programs Not Clustered

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 10.560 Total			**2,910,521**	**7,559**	
10.565	Commodity Supplementl Food Pgm		150	131,782	117,296	
	Federal Program 10.565 Total			**131,782**	**117,296**	
10.572	WIC Farmers Market Nutric Prog		303	781,223	78,490	
	Federal Program 10.572 Total			**781,223**	**78,490**	
10.574	Team Nutrition Grants		350	71,844	40,841	
	Federal Program 10.574 Total			**71,844**	**40,841**	
10.576	Senior Farmers Market Nutrition Program		300	175,372	180,994	
	Federal Program 10.576 Total			**175,372**	**180,994**	
10.578	WIC Grants to States		303	(801)	(792)	
	Federal Program 10.578 Total			**(801)**	**(792)**	
10.582	Fresh Fruit and Vegetable Program		350	813,211	813,211	
	Federal Program 10.582 Total			**813,211**	**813,211**	
10.664	Cooperative Forestry Assistanc		103	44,821	0	
10.664			365	51,219	0	
10.664			465	58,031	0	
10.664			490	3,437,666	761,707	
10.664			495	17,385	0	
	Federal Program 10.664 Total			**3,609,122**	**761,707**	
10.672	Rural Development, Forestry & Communities		103	111,156	0	
10.672			477	4,675	0	
	Federal Program 10.672 Total			**115,831**	**0**	
10.675	Urban & Community Forestry Program		360	11,811	0	
	Federal Program 10.675 Total			**11,811**	**0**	
10.676	Forest Legacy Program		490	191,872	0	
	Federal Program 10.676 Total			**191,872**	**0**	
10.677	Forest Land Enhancement Program		490	198,645	30,318	
	Federal Program 10.677 Total			**198,645**	**30,318**	
10.678	Forest Stewardship Program		477	5,000	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

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Federal Programs Not Clustered

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 10.678 Total			**5,000**	**0**	
10.680	Forest Health Protection		490	269,577	0	
	Federal Program 10.680 Total			**269,577**	**0**	
10.855	Distance Learning & Telemedicine Loans & Grants		699	8,732	0	
	Federal Program 10.855 Total			**8,732**	**0**	
10.902	Soil & Water Conservation		477	18,528	0	
10.902			495	178,556	0	
	Federal Program 10.902 Total			**197,084**	**0**	
10.912	Environmental Quality Incentives Prog		355	33,009	0	
10.912			365	172,150	1,039	
10.912			471	32,142	0	
	Federal Program 10.912 Total			**237,301**	**1,039**	
10.914	Wildlife Habitat Incentive Prog		467	37,933	37,555	
10.914			477	123,231	0	
	Federal Program 10.914 Total			**161,164**	**37,555**	
10.960	Technical Agricultural Assist		365	447,431	5,678	
	Federal Program 10.960 Total			**447,431**	**5,678**	
10.962	Cochran/Fellowshp/Prgm/-Intrntl/Trng/-Frng/Participant		365	15,541	0	
	Federal Program 10.962 Total			**15,541**	**0**	
10.999	USDA, UNKNOWN		360	33	0	
10.999			370	(7)	0	
10.999			477	8,534	0	
10.999			495	287,138	71,923	
	Federal Program 10.999 Total			**295,698**	**71,923**	
	Dept of Agriculture Total			**188,571,394**	**64,052,806**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Commerce

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
11.000	Commerce,Contract Number Only Provided	001-4120-S-FISH	360	(467)	0	PT
11.000		005-5221-S-FISH	360	1,555	0	PT
11.000		005-5260-S-FISH	360	1,300	0	PT
11.000		04-44	360	3	0	PT
11.000		05-57 AMEND 1	360	4,513	0	PT
11.000		06-42	360	7,147	0	PT
11.000		10249342	360	5,840	0	PT
11.000		40-AB-NF-112826, MOD04	360	1,688	0	
11.000		4100-223-01	360	15,684	0	PT
11.000		508	360	46,258	0	PT
11.000		50ABNF-1-00002 MOD18	360	129,824	0	
11.000		511	360	87,181	0	PT
11.000		530	360	75,997	0	PT
11.000		AB 133F-03-CN-0041 AM3	360	(5)	0	
11.000		AB133C04SE1392, #0002	360	171	0	
11.000		AB133F 03 SE 1463	360	12,868	0	
11.000		AB133F 05 SE 2333	360	2,751	0	
11.000		AB133F-02-SE-1371	360	11	0	
11.000		AB133F-02-SE-1790 MOD4	360	1,079	0	
11.000		AB133F-03-CN-0036 AM03	360	58,463	0	
11.000		AB133F-03-SE-0270MOD04	360	3,781	0	
11.000		AB133F-03-SE-0709MOD1	360	3,651	0	
11.000		AB133F-03-SE-1228 MOD2	360	145	0	
11.000		AB133F-03-SE-1416 AM03	360	26,479	0	
11.000		AB133F-04-CN-0036 MOD2	360	92,563	0	
11.000		AB133F-04-SE-0566 REV1	360	3,775	0	
11.000		AB133F-04-SE-0745	360	17	0	
11.000		AB133F-04-SE-0808 AM 2	360	4,946	0	
11.000		AB133F-04-SE-0938	360	4,672	0	
11.000		AB133F-04SE-0584 AM#01	360	(185)	0	
11.000		AB133F-05-CN-1396	360	285,431	0	
11.000		AB133F-05-SE-4837 MOD1	360	44,766	0	
11.000		AB133F-05-SE-6257	360	22,143	0	
11.000		AB133F-05-SE-6540	360	71,480	0	
11.000		AB133F04SE0601	360	1,571	0	
11.000		AB133F04SE0641	360	7,831	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
11.000	Commerce,Contract Number Only Provided	AB133F04SE0712 AMEND 2	360	44,595	0	
11.000		AB133F04SE0728, MOD03	360	49,152	0	
11.000		AB133F04SE0972	360	8,592	0	
11.000		AB133F04SE1122	360	33,206	0	
11.000		AB133F04SE1130, MOD#4	360	2,330	0	
11.000		AB133F04SE1218 MOD 3	360	15,053	0	
11.000		AB133F04SE1284	360	24,128	0	
11.000		AB133F04SE1449	360	3,543	0	
11.000		AB133F05SE3846 MOD#1	360	2,184	0	
11.000		AB133F05SE3958	360	3,895	0	
11.000		AB133F05SE4222	360	40,885	0	
11.000		AB133F05SE4367	360	63,955	0	
11.000		AB133F05SE4598	360	87,727	0	
11.000		AB133F05SE4714	360	55,026	0	
11.000		AB133F05SE4726	360	4,993	0	
11.000		AB133F05SE4990	360	7,595	0	
11.000		AB133F05SE5034	360	23,963	0	
11.000		AB133F05SE5117NFFP7500	360	74,618	0	
11.000		AB133F05SE5735	360	26,373	0	
11.000		AB133F05SE6231	360	9,106	0	
11.000		AB133F05SE6317	360	49,160	0	
11.000		AB133F05SE6320	360	17,106	0	
11.000		AB133F05SE6679	360	4,452	0	
11.000		AB133F05SE6805	360	1,160	0	
11.000		AB133F06SE1455	360	13,584	0	
11.000		AB133F06SE2469	360	3,171	0	
11.000		AB133F06SE3109	360	3,056	0	
11.000		C7-94248	360	12,864	0	PT
11.000		DG133E05SE3853 AM#1.	360	46,215	0	
11.000		F0401	360	54,027	0	PT
11.000		F0418	360	6,439	0	PT
11.000		FC133C05SE4955	360	24,600	0	
11.000		HA133F-05-SE-4067	360	10,727	0	
11.000		JF133F05SE3861	360	7,704	0	
11.000		KK4136	360	32,682	0	PT
11.000		NA16FX2629 PROJECT #13	360	18,059	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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11.000	Commerce,Contract Number Only Provided	NA16FX2629, 42	360	(60)	0	PT
11.000		NA16FX2629, 44	360	1,408	0	PT
11.000		NA16RG1668	360	15	0	PT
11.000		NFFP7100-4-0033	360	24,916	0	
11.000		NFFP7100-5-00027	360	65,798	0	
11.000		NFFP7100-5-00043	360	22,871	0	
11.000		NFFP7500-5-00031AND M1	360	1,783	0	
11.000		NFFP7500-5-00041	360	30,147	0	
11.000		P.O.40-AB-NF-113063 M2	360	2	0	
11.000		PO AB133F-03-SE-0812	360	7	0	
11.000		PO AB133F02SE1398 A1	360	5,078	0	
11.000		PS05043	360	1,727	0	PT
11.000		R/A - 119	360	14,162	0	PT
11.000		R/A-122B PO#10235189	360	30,738	0	PT
11.000		R/F-196D	360	13,157	0	PT
11.000		RA1341-05-SE-3945	360	24,856	0	
11.000		SB134104W1458,A01	360	40,781	0	
11.000		UAF 01-0044, MOD. #2	360	12	0	PT
11.000		UW BUD# 630201	360	10,044	0	PT
11.000		UW BUD# 660915	360	24,181	0	PT
11.000		UW BUD# 667560	360	2,400	0	PT
11.000		UW BUD# 667599	360	978	0	PT
11.000		UW BUD# 669051	360	24,026	0	PT
11.000		UW BUD# 669062	360	42,935	0	PT
11.000		V121-A	360	6,165	0	PT
11.000		07660566701	365	82,590	0	
11.000		077905526	365	85,340	4,711	
11.000		AB133F03SE1180	365	(541)	0	
11.000		AB133F05SE3891	365	14,999	0	
11.000		AB133F05SE4633	365	24,423	0	
11.000		AB133FO5SE4985	365	13,712	0	
11.000		COOP01049	365	(335)	0	PT
11.000		DG132105SE6255	365	2,368	0	
11.000		NA04NMF4630374	365	23,400	0	
11.000		WSU000129	365	(5,545)	0	PT
11.000		WSU000295	365	10,928	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
11.000	Commerce,Contract Number Only Provided	05-11	477	38,608	0	PT
11.000		05-13	477	62,749	0	PT
11.000		05-58	477	20,408	0	PT
11.000		6FP1IPA01	477	18,373	0	
11.000		WMS2006	699	10,592	0	PT
	Federal Program 11.000 Total			**2,701,048**	**4,711**	
11.303	Econ Dev-Technical Assistance		365	29,157	0	
	Federal Program 11.303 Total			**29,157**	**0**	
11.400	Geodetic Surveys & Servs		490	208,081	150,305	
	Federal Program 11.400 Total			**208,081**	**150,305**	
11.405	Anadromous Fish Conser Act Pgm		360	11,619	0	
11.405			477	397,010	0	
	Federal Program 11.405 Total			**408,629**	**0**	
11.407	Interjurisdict Fisheries Act		477	112,506	0	
	Federal Program 11.407 Total			**112,506**	**0**	
11.417	Sea Grant Support		360	3,459,117	364,850	
11.417		NA116A-A, AMEND 2	360	34,503	0	PT
11.417		56182	380	2,880	0	PT
11.417		56217	380	4,769	0	PT
11.417		04-58	477	24,144	0	PT
11.417		06-37	477	129,345	0	PT
	Federal Program 11.417 Total			**3,654,758**	**364,850**	
11.419	Coastal Zone Mgmt Admin Awards		245	169,315	97,202	
11.419			461	3,527,663	529,774	
	Federal Program 11.419 Total			**3,696,978**	**626,976**	
11.436	Columbia River Fish Dev Pgm		477	5,147,150	0	
	Federal Program 11.436 Total			**5,147,150**	**0**	
11.437	Pacific Fisheries Data Prog	05-15	477	27,938	0	PT
11.437		05-22	477	13,958	0	PT
11.437		05-47	477	492	0	PT
11.437		06-100	477	109,239	0	PT
11.437		06-101	477	27,342	0	PT

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11.437	Pacific Fisheries Data Prog	06-15	477	178,449	0	PT
11.437		06-16	477	170,698	0	PT
11.437		06-17	477	50,185	0	PT
11.437		06-28	477	38,685	0	PT
11.437		06-30	477	197,512	0	PT
11.437		06-99	477	130,471	0	PT
	Federal Program 11.437 Total			**944,969**	**0**	
11.438	Pacific Coast Salmon Recovery-Pac SalmonTrty Prgrm		467	28,105,653	27,245,689	
11.438			477	1,780,211	0	
	Federal Program 11.438 Total			**29,885,864**	**27,245,689**	
11.439	Marine Mammal Data Prog	NA05NMF4391068	360	54,710	0	PT
11.439			477	27,703	0	
11.439		06-46	477	2,681	0	PT
11.439		NA05NMF4391068	477	55,640	0	PT
11.439		NA16FX2629	477	10,825	0	PT
	Federal Program 11.439 Total			**151,559**	**0**	
11.441	Regional Fish Mgmt Councils	06-05	477	78,258	0	PT
11.441		06-06	477	23,714	0	PT
11.441		2006-3	477	9,592	0	PT
11.441		WA-SSL-2003	477	2,477	0	PT
	Federal Program 11.441 Total			**114,041**	**0**	
11.455	Coop Science & Education Pgm		699	45,952	0	
	Federal Program 11.455 Total			**45,952**	**0**	
11.460	Spec Oceanic & Atmosp Projts		360	263,764	0	
11.460		237891A	365	27,467	0	PT
	Federal Program 11.460 Total			**291,231**	**0**	
11.463	Habitat Conservation		365	13,967	0	
	Federal Program 11.463 Total			**13,967**	**0**	
11.473	Coastal Services Center		360	212,837	40,858	
11.473		GCLMR00XX-UW	360	86,695	0	PT
11.473		GCLMROOXX-UW/APL	360	4,425	0	PT
11.473		UAF 06-0092	360	30,797	0	PT

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	Federal Program 11.473 Total			**334,754**	**40,858**	
11.478	Ctr for Spnsrd Cstl Ocean Rsch-Cstl Ocean Program		360	541,941	0	
11.478			380	195,265	(1,649)	
11.478		56183	380	(1,649)	0	PT
	Federal Program 11.478 Total			**735,557**	**(1,649)**	
11.550	Public Telecommuncation Facilities-Planning/Const		365	60,373	0	
	Federal Program 11.550 Total			**60,373**	**0**	
11.611	Manufacturing Extension Part	WSU000137	365	(75)	0	PT
11.611		WSU000192	365	22,538	0	PT
	Federal Program 11.611 Total			**22,463**	**0**	
11.999	Commerce, UNKNOWN		360	1,755	0	
11.999			477	761,923	0	
	Federal Program 11.999 Total			**763,678**	**0**	
	Dept of Commerce Total			**49,322,715**	**28,431,740**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Defense

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12.000	DOD, Contract Number Only Provided	02-000225, TO05	360	23,705	0	PT
12.000		02-000225, TO06	360	4,766	0	PT
12.000		02-000225, TO07	360	48,307	0	PT
12.000		02-000225, TO08	360	87,356	0	PT
12.000		02-000225, TO09	360	65,252	0	PT
12.000		02-000225, TO11	360	80,508	0	PT
12.000		02-000225,TO12	360	171,296	0	PT
12.000		03-000225 TASK ORD4 M2	360	3,070	0	PT
12.000		03-000225, TO03 MOD4	360	8,547	0	PT
12.000		03-000225, TO13	360	42,295	0	PT
12.000		03-000225,TO02	360	17,323	0	PT
12.000		03-000225,TO02 MOD04	360	90,745	0	PT
12.000		03703	360	(2,938)	0	PT
12.000		04-3515-01, AM01	360	81,868	0	PT
12.000		04-3515-01, AM05	360	(129)	0	PT
12.000		04-DEES-01,A02	360	144,210	0	PT
12.000		05-3528-01 AMEND 1	360	369,162	0	PT
12.000		05-ANT-0243-01	360	630	0	PT
12.000		05626	360	68,043	0	PT
12.000		06770-03, MOD 1	360	327,631	0	PT
12.000		10083184 AM09	360	78,712	0	PT
12.000		1016565/1/21169 MOD07	360	66,519	0	PT
12.000		110-UW	360	(33)	0	PT
12.000		186039J MOD01	360	40,041	0	PT
12.000		2004-331 MOD02	360	14,043	0	PT
12.000		2004-380 MOD04	360	541,974	0	PT
12.000		2227-001	360	5,130	0	PT
12.000		27-000799, MOD 04	360	48,013	0	PT
12.000		27-000968 MOD#3	360	64,016	0	PT
12.000		300119	360	24,070	0	PT
12.000		40159 UW	360	16,337	0	PT
12.000		4400102258	360	100	0	PT
12.000		4400118995	360	11,153	0	PT
12.000		55-000754	360	469,158	0	PT
12.000		55-000793	360	2,013	0	PT
12.000		883443 AM01	360	25,085	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Defense

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12.000	DOD, Contract Number Only Provided	9500005898, AM03	360	6,268	0	PT
12.000		A0550287	360	178,055	0	PT
12.000		C019755, AM08	360	(12)	0	PT
12.000		DAAD19-02-2-0028	360	(9)	0	PT
12.000		DAMD17-01-1-0401	360	(1,734)	0	PT
12.000		DAMD17-03-2-0033	360	39,848	0	PT
12.000		FFM334162	360	(535)	0	PT
12.000		KM5271-03,PCC09	360	103,254	0	PT
12.000		KQ5991, MOD 3	360	40,123	0	PT
12.000		OP2-000225, TO10	360	98,679	0	PT
12.000		P.O. C09340028 REV02	360	82,551	0	PT
12.000		P006977	360	51,009	0	PT
12.000		PO MRI-2005-12-001	360	32,599	0	PT
12.000		PO# 00301, AMD #4	360	(430)	0	PT
12.000		RES980 BLIND II	360	(6,342)	0	PT
12.000		RP050036	360	28,335	0	PT
12.000		RP060129	360	25,076	0	PT
12.000		S-01-05	360	161	0	PT
12.000		S-2004-TSNRP-03, MOD01	360	13,000	0	PT
12.000		S-2005-TSNRP-01, MOD02	360	6,312	0	PT
12.000		S-43693.01.4200	360	20,903	0	PT
12.000		S05-04	360	619,197	0	PT
12.000		S05-04 MOD 2	360	510,030	0	PT
12.000		S2005TSNRP01HU0001051T	360	14,502	0	PT
12.000		S2005TSNRP06HU001051TS	360	3,981	0	PT
12.000		SA2980-25628, AM02	360	1	0	PT
12.000		SB05022	360	32,058	0	PT
12.000		SMX-05-2016-UOW	360	78,489	0	PT
12.000		SMX052016UOWTDMUW0002	360	13,849	0	PT
12.000		SP01Q3811R	360	(124)	0	PT
12.000		SUB1-00178	360	107,931	0	PT
12.000		UW BUD# 630005	360	4,227	0	PT
12.000		UW BUD# 630063	360	2,706	0	PT
12.000		UW BUD# 660590	360	34,694	0	PT
12.000		UW BUD# 661120	360	95,121	0	PT
12.000		UW BUD# 662535	360	365,084	0	PT

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12.000	DOD, Contract Number Only Provided	UW BUD# 662805	360	62,892	0	PT
12.000		UW BUD# 662811	360	14,216	0	PT
12.000		UW BUD# 662812	360	4,780	0	PT
12.000		UW BUD# 663083	360	30,151	0	PT
12.000		UW BUD# 663527	360	22,267	0	PT
12.000		UW BUD# 666204	360	1,392	0	PT
12.000		UW BUD# 666514	360	(54)	0	PT
12.000		UW BUD# 667343	360	(161)	0	PT
12.000		UW BUD# 667416	360	13,436	0	PT
12.000		UW BUD# 667736	360	(671)	0	PT
12.000		UW BUD# 667879	360	68,210	0	PT
12.000		UW BUD# 668088	360	39,146	0	PT
12.000		UW BUD# 668092	360	(21)	0	PT
12.000		UW BUD# 668603	360	6,847	0	PT
12.000		UW BUD# 668965	360	132,299	0	PT
12.000		UW BUD# 668973	360	77,374	0	PT
12.000		UW BUD# 668990	360	84,973	0	PT
12.000		UW BUD# 669016	360	26,949	0	PT
12.000		UW BUD# 669986	360	3,746	0	PT
12.000		Z965104	360	34,427	0	PT
12.000		F4260-00-D-0039,RZ13	699	492,917	0	PT
	Federal Program 12.000 Total			**6,751,950**	**0**	
12.110	Planning Assistance to States	005-5065-S-Fish	477	1,442	0	PT
12.110		05-89	477	4,282	0	PT
12.110		05-90	477	18,915	0	PT
12.110		05-91	477	6,388	0	PT
12.110		06-88	477	3,763	0	PT
12.110		06-90	477	14,661	0	PT
12.110		06-91	477	2,884	0	PT
	Federal Program 12.110 Total			**52,335**	**0**	
12.111	Emrgncy Adv Measure-Flood Prvt		699	4,662	0	
	Federal Program 12.111 Total			**4,662**	**0**	
12.112	Pymt to Sts in Lieu Real Estate Tax (Impact Pymts)		005	32,884	0	
	Federal Program 12.112 Total			**32,884**	**0**	

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12.113	St Memorandum of Agreemt Pgm- Reimburse Tech Svcs		461	839,206	0	
	Federal Program 12.113 Total			**839,206**	**0**	
12.400	Military Construct-Natl Guard		245	6,394,629	0	
	Federal Program 12.400 Total			**6,394,629**	**0**	
12.401	National Guard-Oper & Main		245	15,527,939	0	
	Federal Program 12.401 Total			**15,527,939**	**0**	
12.550	Internat'l Education-U S Colleges & Universities	4926-1	360	336,446	0	PT
	Federal Program 12.550 Total			**336,446**	**0**	
12.901	Math Sciences Grants Program		360	23,736	0	
	Federal Program 12.901 Total			**23,736**	**0**	
	Dept of Defense Total			**29,963,787**	**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

Housing & Urban Development

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
14.000	HUD, Contract Number Only Provided	B03SPWA0845	360	17,281	0	
14.000		COPCWA02085	360	63,190	0	
14.000		SUBGRANT #9920 ORDER#4	360	5,707	0	PT
14.000		BO4SPWA0858	699	83,385	0	
	Federal Program 14.000 Total			**169,563**	**0**	
14.169	Housing Counseling Asst Pgm		148	323,601	323,601	
	Federal Program 14.169 Total			**323,601**	**323,601**	
14.171	Mfg Home Const/Safety Standrds		103	79,691	0	
	Federal Program 14.171 Total			**79,691**	**0**	
14.228	Community Developmnt Block Grt		103	22,353,674	0	
	Federal Program 14.228 Total			**22,353,674**	**0**	
14.231	Emergency Shelter Grants Pgm		103	1,375,557	0	
	Federal Program 14.231 Total			**1,375,557**	**0**	
14.235	Supportive Housing Program		103	432,763	0	
	Federal Program 14.235 Total			**432,763**	**0**	
14.238	Shelter Plus Care		103	4,120	0	
	Federal Program 14.238 Total			**4,120**	**0**	
14.239	Home Inv Partnerships Program		103	9,377,238	0	
14.239		2006 Arch Pgm	148	20,000	0	PT
14.239		CTED 05-40404-301	148	100,000	0	PT
14.239		FY 2005/2006 HK Sea	148	430,093	0	PT
	Federal Program 14.239 Total			**9,927,331**	**0**	
14.241	Housing Opprt for Persons w AIDS		103	631,409	0	
	Federal Program 14.241 Total			**631,409**	**0**	
14.246	Community Devel Blck Grnts/Brownfield Ec Initative		103	59,568	0	
14.246			699	11,344	0	
	Federal Program 14.246 Total			**70,912**	**0**	
14.250	Rural Housing & Economic Development		148	166,271	166,271	
	Federal Program 14.250 Total			**166,271**	**166,271**	
14.401	Fair Housing Assistance Pgm		120	222,248	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Housing & Urban Development

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 14.401 Total			**222,248**	**0**	
14.511	Comm Outreach Partnrshp Ctr Prog		360	128,500	0	
14.511			699	106,219	0	
	Federal Program 14.511 Total			**234,719**	**0**	
14.512	Comm Develpt Work-Study Prog		360	38,360	0	
14.512			370	43,749	0	
	Federal Program 14.512 Total			**82,109**	**0**	
14.901	Healthy Homes Demonstration Grants	NH313-03-2	360	12,019	0	PT
	Federal Program 14.901 Total			**12,019**	**0**	
14.999	HUD, UNKNOWN		365	91,230	0	
	Federal Program 14.999 Total			**91,230**	**0**	
	Housing & Urban Development Total			**36,177,217**	**489,872**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of the Interior

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15.000	DOI, Contract Number Only Provided	01HQAG0017 MODO7	360	74,439	0	
15.000		04CS101545, MOD01	360	130,957	0	
15.000		101813M252 MOD04	360	1,151	0	
15.000		1434 HQ97RU1583WO61MO3	360	6,729	0	
15.000		1434HQ97RU1583RWO62 M5	360	72,456	0	
15.000		1434HQ97RU1583RWO67M3	360	(1,383)	0	
15.000		30479-06	360	14,934	0	PT
15.000		701813J541	360	70,527	0	
15.000		701813J541, MOD01	360	33,513	0	
15.000		701813J541, MOD02	360	160,502	0	
15.000		701814M480	360	5,215	0	
15.000		813335J025,M1	360	30,816	0	
15.000		98210-1-G794 MOD04	360	(392)	0	
15.000		98210-5-G206	360	39,170	0	
15.000		AGP000726	360	27,442	0	
15.000		CA9088A0008/UW-01-4 M7	360	(19)	0	
15.000		CA9088A0008J9W88030027	360	34,581	0	
15.000		CA9088A0008TAUW0111M5	360	8,278	0	
15.000		COOP 04-007	360	27,921	0	PT
15.000		G252-05-20094	360	1,252	0	PT
15.000		HAA003D00 HAF043D03 M2	360	9,030	0	
15.000		HAA003D00 TO HAW013D01	360	508	0	
15.000		HAA003D99/TO HAF053D04	360	61,626	0	
15.000		HAC002018AM08	360	664	0	
15.000		J9088020006MOD01CA9088	360	61,681	0	
15.000		J9088020008CA9088A0008	360	8,137	0	
15.000		J9088020012CA9088A0008	360	7,910	0	
15.000		J9088020013CA9088A0008	360	9,913	0	
15.000		J9088020015	360	1,203	0	
15.000		J9088020016, MOD02	360	13,527	0	
15.000		J9088020020CA9088A008	360	23,538	0	
15.000		J9088020023/CA9088A08	360	5,093	0	
15.000		J9W88030011 MOD#01	360	33,988	0	
15.000		J9W88030013	360	7,922	0	
15.000		J9W88030014CA9088A0008	360	2,530	0	
15.000		J9W88030018CA9088A0008	360	741	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.000	DOI, Contract Number Only Provided	J9W88030019 MOD1	360	5,725	0	
15.000		J9W88030020 MOD#03	360	20,086	0	
15.000		J9W88030023 MOD1CA9088	360	57,150	0	
15.000		J9W88030024 MOD#01	360	14,467	0	
15.000		J9W88040006, CA9088A08	360	57,385	0	
15.000		J9W88040007, CA9088A08	360	29,292	0	
15.000		J9W88040014CA9088A8M1	360	52,412	0	
15.000		J9W88040021CA9088A8M1	360	6,100	0	
15.000		J9W88040023 M2CA9088A8	360	1,080	0	
15.000		J9W88040027 M2CA9088A8	360	1,897	0	
15.000		J9W88040030CA9088A8M1	360	4,223	0	
15.000		J9W88040031, MOD 1	360	2,111	0	
15.000		J9W88050003	360	54,024	0	
15.000		J9W88050005CA9088A0008	360	8,678	0	
15.000		J9W88050008	360	12,441	0	
15.000		J9W88050010	360	15,725	0	
15.000		J9W88050025	360	4,223	0	
15.000		PO# OHM-190	360	18	0	PT
15.000		RWO641434HQ-97RU1583	360	72,317	0	
15.000		T.O.J9W88050001	360	39,166	0	
15.000		UW BUD# 668716	360	34,253	0	PT
15.000		UW BUD# 669650	360	1,050	0	PT
15.000		UW-01-10 MOD05	360	3,082	0	
15.000		UW-01-12 MOD05	360	6,334	0	
15.000		UW-01-27 MOD06	360	2,742	0	
15.000		UW-02-03,CA9088A008	360	(48)	0	
15.000		UW015/0001CA9088A008M5	360	5,902	0	
15.000		V01145-06	360	(42)	0	PT
15.000		04BC1U5270	365	(1,819)	0	
15.000		04PG170123	365	3,644	0	
15.000		050A108240	365	2,521	0	
15.000		05PG171343	365	5,660	0	
15.000		06PG170575	365	6,000	0	
15.000		101312G104	365	7,756	0	
15.000		101361	365	3,765	0	PT
15.000		101813M251	365	2,280	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.000	DOI, Contract Number Only Provided	101813M713	365	13,949	0	
15.000		101815M274	365	1,794	0	
15.000		CA9088A0008	365	12,874	0	
15.000		GDA020015	365	8,243	0	
15.000		GUAR24300252	365	2,511	0	PT
15.000		H1200040001	365	8,231	0	
15.000		H9807050019	365	18,367	0	
15.000		HAA003D00	365	18,620	0	
15.000		HVP050012	365	8,577	0	
15.000		HVP050013	365	4,211	0	
15.000		HVP060024	365	5,215	0	
15.000		HWP060017	365	4,506	0	
15.000		P00C14209722	365	(4,777)	0	
15.000		P8530040021	365	(6,239)	0	
15.000		P8530050501	365	4,926	0	
15.000		RPA11427410	365	11,104	0	
15.000		WSU000183	365	6,396	0	PT
15.000		WSU000184	365	47	0	PT
15.000		05-FG-81-1126	375	196,286	0	
15.000		1443-CA9450-97-001	375	750	0	
15.000		4-AA-91-WH-145	375	266	0	
15.000		H9453020047	375	9,283	0	
15.000		SO87B30007-93	375	2,135	0	
15.000		J9453050022	376	12,040	0	
15.000		141105J006	477	1,021,908	0	
15.000		141105J056	477	227,596	0	
15.000		141106J012	477	1,757,895	0	
15.000		141106J013	477	525,585	0	
15.000		1425-04-FG-1U-1044	477	9,747	0	
15.000		X-1-D-10	477	14,387	0	
15.000		X-1-D-9	477	376	0	
15.000		H9504050002	490	42,280	0	
15.000		HWP040041	490	1,691	0	
15.000		HWP050017	490	3,500	0	
15.000		HWP050038	490	7,799	0	
15.000		2005-0197-009	699	12,423	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 15.000 Total			**5,492,202**	**0**	
15.114	Indian Ed-Higher Ed Grant Pgm		365	196,480	0	
	Federal Program 15.114 Total			**196,480**	**0**	
15.222	Cooperative Inspect Agreemts w Sts & Tribes		495	15,482	0	
	Federal Program 15.222 Total			**15,482**	**0**	
15.226	Payments in Lieu of Taxes		005	1,437,892	0	
	Federal Program 15.226 Total			**1,437,892**	**0**	
15.227	Distribtn of Receipts to State & Local Govts		005	25,953	0	
	Federal Program 15.227 Total			**25,953**	**0**	
15.228	Natl Fire Plan-Wildland Urban Interface Comunity Fire Asst		477	15,834	0	
15.228			490	471,101	367,295	
	Federal Program 15.228 Total			**486,935**	**367,295**	
15.231	Fish, Wildlife & Plant Conservation Resource Management		365	19,747	0	
15.231			477	2,557	0	
	Federal Program 15.231 Total			**22,304**	**0**	
15.504	Water Reclamation & Reuse Prog		477	55,860	0	
	Federal Program 15.504 Total			**55,860**	**0**	
15.608	Fish & Wildlife Mgmt Assistnce		365	87,257	49,112	
15.608			467	1,732,807	1,717,753	
15.608			477	595,116	0	
15.608			490	159,182	117,989	
	Federal Program 15.608 Total			**2,574,362**	**1,884,854**	
15.612	Endangered Species Conservation		490	33,293	0	
	Federal Program 15.612 Total			**33,293**	**0**	
15.614	Coastal Wetlnds Planning, Protection & Restoration Act		461	82,123	0	
15.614			465	3,320	0	
15.614			477	1,630,707	0	
	Federal Program 15.614 Total			**1,716,150**	**0**	
15.615	Cooperative Endangered Species Conservation Fund		477	2,804,439	0	
15.615			490	5,859,589	925,275	

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Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 15.615 Total			**8,664,028**	**925,275**	
15.616	Clean Vessel Act		465	384,026	0	
	Federal Program 15.616 Total			**384,026**	**0**	
15.620	African Elephant Conservation Fund		360	65	0	
	Federal Program 15.620 Total			**65**	**0**	
15.622	Sportfishing & Boat Safety Act		467	12,533	12,533	
	Federal Program 15.622 Total			**12,533**	**12,533**	
15.623	N. American Wetlands Conservation Fund		477	690,793	0	
	Federal Program 15.623 Total			**690,793**	**0**	
15.626	Hunter Education & Safety Program		477	616,700	0	
	Federal Program 15.626 Total			**616,700**	**0**	
15.630	Coastal Program		495	925	0	
	Federal Program 15.630 Total			**925**	**0**	
15.631	Partners for Fish and Wildlife	UW BUD# 669322	360	2,682	0	PT
15.631			477	1,498,234	0	
	Federal Program 15.631 Total			**1,500,916**	**0**	
15.632	Conservatn Grnts Privte Stewrdshp for Imprild Spec		477	343,694	0	
	Federal Program 15.632 Total			**343,694**	**0**	
15.633	Landowner Incentive		477	694,150	0	
	Federal Program 15.633 Total			**694,150**	**0**	
15.634	State Wildlife Grants		477	2,315,925	0	
	Federal Program 15.634 Total			**2,315,925**	**0**	
15.809	Natl Spatial Data Infrastructur Coop Ag Prog		405	21,432	0	
	Federal Program 15.809 Total			**21,432**	**0**	
15.811	Gap Analysis Program		360	184,733	0	
15.811			490	276,885	0	
	Federal Program 15.811 Total			**461,618**	**0**	
15.812	Cooperative Research Units Program		360	428,927	0	
	Federal Program 15.812 Total			**428,927**	**0**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.904	Historic Preservation Fund Grt		103	664,802	0	
15.904			355	16,292	0	
15.904			465	11,575	0	
	Federal Program 15.904 Total			**692,669**	**0**	
15.916	Outdoor Rec-Aquis,Dev&Plan	P0014438	365	20,640	0	PT
15.916			467	712,689	653,018	
	Federal Program 15.916 Total			**733,329**	**653,018**	
15.921	Rivers, Trails & Conserv Asst		477	35,134	0	
	Federal Program 15.921 Total			**35,134**	**0**	
15.922	Nat Amer Graves Protection & Repatriation		360	15,506	0	
15.922			375	9,190	0	
	Federal Program 15.922 Total			**24,696**	**0**	
15.923	Nat Center for Preservation Technology & Training		380	5,060	0	
	Federal Program 15.923 Total			**5,060**	**0**	
15.999	DOI, UNKNOWN		360	24,321	0	
15.999			370	8,112	0	
15.999		None	370	5,000	0	PT
15.999		None	390	75,877	0	PT
15.999			461	46,718	0	
15.999			465	377	0	
15.999		None	477	35,970	0	PT
	Federal Program 15.999 Total			**196,375**	**0**	
	Dept of the Interior Total			**29,879,908**	**3,842,975**	

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Federal Programs Not Clustered

Dept of Justice

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
16.000	Justice, Contract Number Only Provided	98693	225	98,693	15,173	
16.000		C041069FED	225	4,908,895	0	
16.000		C050188FED	225	6,353	0	
16.000		C050269FED	225	969	0	
16.000		C050298FED	225	2,003	0	
16.000		C050439FED	225	8,026	0	
16.000		C050468FED	225	146	0	
16.000		C050663FED	225	396,094	218,529	
16.000		C060172FED	225	15,144	0	
16.000		C060322FED	225	11,047	0	
16.000		C060330FED	225	15,144	0	
16.000		C060449FED	225	22,271	0	
16.000		C060504FED	225	19,467	0	
16.000		102170	365	91	0	PT
16.000		WSU000142	365	46,732	0	PT
16.000		WSU000163	365	463	0	PT
16.000		WSU000176	365	2,430	0	PT
16.000		WSU000197	365	3,339	0	PT
16.000		WSU000384	365	4,620	0	PT
16.000		WSU000385	365	3,564	0	PT
	Federal Program 16.000 Total			**5,565,491**	**233,702**	
16.202	Prisoner Reentry Initiatiave Demonstration (Offender Reentry)		310	649,205	0	
	Federal Program 16.202 Total			**649,205**	**0**	
16.523	Juvenile Accountability Incentive Blk Grnts		300	2,065,611	1,066,970	
	Federal Program 16.523 Total			**2,065,611**	**1,066,970**	
16.525	Grnts to Reduce Violnt Crimes Against Womn/ Campus		370	77,021	1,924	
16.525			380	151,427	0	
	Federal Program 16.525 Total			**228,448**	**1,924**	
16.540	Juvenile Justice & Delq Prevnt		300	995,885	0	
16.540		WSU000229	365	34,470	0	PT
16.540		531350	370	296	0	PT
16.540		536469	370	374	0	PT
	Federal Program 16.540 Total			**1,031,025**	**0**	

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Dept of Justice

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
16.548	Title V-Delinquency Prevent Prog		300	290,000	0	
	Federal Program 16.548 Total			**290,000**	**0**	
16.549	Part E-State Challenge Activities		300	117,837	0	
	Federal Program 16.549 Total			**117,837**	**0**	
16.550	State Justice Statistics Prog for Stat Analysis Ct		105	50,000	0	
	Federal Program 16.550 Total			**50,000**	**0**	
16.554	Nat Criminal Hist Improve Prog (NCHIP)		105	1,138,520	1,030,067	
	Federal Program 16.554 Total			**1,138,520**	**1,030,067**	
16.564	Crime Lab Improvmt-Combined Offender DNA Index Sys		225	1,706,913	0	
	Federal Program 16.564 Total			**1,706,913**	**0**	
16.565	NIJ Domestic Anti-Terrorism Tech Dvlp Prog	5-36331.570 M0D 2&3	360	29,368	0	PT
	Federal Program 16.565 Total			**29,368**	**0**	
16.572	State Criminal Alien Assistance Program		310	1,344,795	0	
	Federal Program 16.572 Total			**1,344,795**	**0**	
16.575	Crime Victim Assistance		103	7,651,514	0	
16.575			300	11	0	
	Federal Program 16.575 Total			**7,651,525**	**0**	
16.576	Crime Victim Compensation		235	4,802,000	0	
	Federal Program 16.576 Total			**4,802,000**	**0**	
16.579	Edward Byrne Memorial Formula Grant Program		103	628,467	0	
16.579			350	231,175	0	
	Federal Program 16.579 Total			**859,642**	**0**	
16.580	Edward Byrne Memorial Law Enfrcmt Grnts		350	105,788	0	
16.580			699	27,125	0	
	Federal Program 16.580 Total			**132,913**	**0**	
16.585	Drug Court Discret Grnt Prog		300	6	0	
16.585		531346	370	6,499	0	PT
	Federal Program 16.585 Total			**6,505**	**0**	
16.586	Violent Offndr Incarc/Truth in Sentnc Incent Grnts		310	993,471	0	

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Dept of Justice

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 16.586 Total			**993,471**	**0**	
16.588	Violence Against Women-Form Grnts		103	2,458,684	0	
	Federal Program 16.588 Total			**2,458,684**	**0**	
16.589	Rural Domestic Violence/Chld Victm Enfor		103	262,067	0	
	Federal Program 16.589 Total			**262,067**	**0**	
16.590	Grnts To Encourage Arrest Policies & Enforcmt of P		103	250,617	0	
	Federal Program 16.590 Total			**250,617**	**0**	
16.592	Local Law Enforcement Block Grant Program		103	479,887	0	
16.592		PS0501	376	3,125	0	PT
	Federal Program 16.592 Total			**483,012**	**0**	
16.593	Residentl Substnce Abuse Treatmt-St Prisnrs		103	432,892	0	
	Federal Program 16.593 Total			**432,892**	**0**	
16.609	Community Prosecution & Projt Safe Neighborhoods		103	183,247	0	
	Federal Program 16.609 Total			**183,247**	**0**	
16.610	Regional Information Sharing Systems	C050416FED	225	180,532	0	PT
16.610		C060825FED	225	179,415	0	PT
	Federal Program 16.610 Total			**359,947**	**0**	
16.710	Public Safety Partnshp & Comm Policing Grnts		225	198,400	0	
16.710			365	577,765	0	
16.710		C005029	461	16,519	0	PT
16.710		C006051	461	13,141	0	PT
	Federal Program 16.710 Total			**805,825**	**0**	
16.712	Police Corps		227	7,213	0	
	Federal Program 16.712 Total			**7,213**	**0**	
16.727	Enforcing Underage Drinking Laws Program		300	3,350,311	148,052	
	Federal Program 16.727 Total			**3,350,311**	**148,052**	
16.729	Drug-Free Communities Supprt Prog Grnts	WSU000056	365	(130)	0	PT
	Federal Program 16.729 Total			**(130)**	**0**	
16.730	Reductn & Prevntn of Childrn's Exposure to Violenc		365	351,514	241,169	

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

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 16.730 Total			**351,514**	**241,169**	
16.735	Protecting Inmates and Safeguarding Communities		310	379,202	0	
	Federal Program 16.735 Total			**379,202**	**0**	
16.738	Edward Byrne Memorial Justice Asst Grant Program		103	4,959,183	0	
	Federal Program 16.738 Total			**4,959,183**	**0**	
	Dept of Justice Total			**42,946,853**	**2,721,884**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington
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Federal Programs Not Clustered

Dept of Labor

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
17.000	Labor, Contract Number Only Provided	164-059-F-340/67015	360	7,732	0	
17.000		DETPY0304AAG007	365	3,686	0	PT
17.000		LDSTESD6109762415	365	1,800	0	PT
17.000		SPR02114202	365	18,942	0	PT
	Federal Program 17.000 Total			**32,160**	**0**	
17.002	Labor Force Statistics		540	1,832,634	0	
	Federal Program 17.002 Total			**1,832,634**	**0**	
17.005	Compensation & Working Conditions		235	125,090	0	
	Federal Program 17.005 Total			**125,090**	**0**	
17.203	Labor Certification-Alien Wkrs		540	181,764	0	
	Federal Program 17.203 Total			**181,764**	**0**	
17.225	Unemployment Insurance		540	802,306,930	0	
	Federal Program 17.225 Total			**802,306,930**	**0**	
17.235	Senior Comm Service Emply Pgm		103	40,033	0	
17.235			300	1,152,710	902,719	
17.235		Local Contract	540	101,359	0	PT
17.235		A-05-80-01-203(1)	699	609	0	PT
	Federal Program 17.235 Total			**1,294,711**	**902,719**	
17.245	Trade Adj Assistance		540	12,575,532	0	
	Federal Program 17.245 Total			**12,575,532**	**0**	
17.253	Welfare-to-Work Grnts to States & Localities	Local Contract	540	41,064	0	PT
	Federal Program 17.253 Total			**41,064**	**0**	
17.257	One-Stop Career Center Initiative		540	794,667	0	
	Federal Program 17.257 Total			**794,667**	**0**	
17.261	WIA Pilots,Demonstrations, & Researach Projects		699	1,204,148	0	
17.261		1V77	699	385,614	0	PT
17.261		H-1B03	699	7,368	0	PT
	Federal Program 17.261 Total			**1,597,130**	**0**	
17.266	Work Incentive Grants		540	725,777	0	
	Federal Program 17.266 Total			**725,777**	**0**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington
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Federal Programs Not Clustered

Dept of Labor

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
17.267	Incentive Grants - WIA Section 503	WDC0424	365	12,095	0	PT
17.267			540	644,590	644,590	
17.267		61110-02-7140/737	699	798	0	PT
	Federal Program 17.267 Total			**657,483**	**644,590**	
17.503	Occupational Safety & Hlth-St Prog		235	7,030,731	0	
	Federal Program 17.503 Total			**7,030,731**	**0**	
17.600	Mine Health & Safety Grants		370	140,699	0	
	Federal Program 17.600 Total			**140,699**	**0**	
17.805	Homeless Veterans Reintegration Project		305	449,999	0	
17.805		Local Contract	540	183,342	0	PT
	Federal Program 17.805 Total			**633,341**	**0**	
17.999	DOL, UNKNOWN		360	7,700	0	
	Federal Program 17.999 Total			**7,700**	**0**	
	Dept of Labor Total			**829,977,413**	**1,547,309**	

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 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	532G00050000400, MOD 4	360	1,862,256	834,469	
19.000		AID 1233-01702-LPS A1	360	26,556	0	PT
19.000		CRD.1145-01767-LPSAM02	360	29,838	0	PT
19.000		MC 03 332 AMENDMENT#3	360	30,247	0	PT
19.000		PC-04-8-085	360	23	0	
19.000		PC-05-8-061	360	12,895	0	
19.000		SECAAS03GR166MA	360	341,993	0	
19.000		SECAAS04GR159	360	61,931	0	
19.000		SECAPE05GR129	360	38,034	0	
19.000		SINLEC05CA0004	360	330,421	0	
19.000		SMZ500-06-GR-013	360	39,814	0	
19.000		USIP-031-04F	360	3,653	0	
19.000		UW BUD# 800454	360	(12,791)	0	PT
19.000		UW BUD# 800455	360	19,363	0	PT
19.000		UW BUD# 800600	360	17,500	0	PT
19.000		UW BUD# 800647	360	139,730	0	PT
19.000		UW-RX2050-859-05-D	360	15,751	0	PT
19.000		1410001	365	128,531	0	PT
19.000		19276425631	365	62,538	0	PT
19.000		19276425638	365	(351)	0	PT
19.000		278A00000021100	365	2,837	2,837	
19.000		613128	365	181,037	0	PT
19.000		690G00040029000	365	596,598	0	
	Federal Program 19.000 Total			**3,928,404**	**837,306**	
19.401	Ed Xchange-Profs/Resch Scholrs		365	48,960	0	
	Federal Program 19.401 Total			**48,960**	**0**	
19.408	Educl Exchnge-Teachers-Sec& Post-Sec/Schl Adminrs		370	282,209	6,013	
	Federal Program 19.408 Total			**282,209**	**6,013**	
19.999	State, UNKNOWN		370	119,421	31,450	
	Federal Program 19.999 Total			**119,421**	**31,450**	
	Dept of State Total			**4,378,994**	**874,769**	

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

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.000	DOT, Contract Number Only Provided	DTNH22-04-H-05252	228	476,817	476,817	
20.000		DTNH22-92-Y-07055	228	118,254	0	
20.000		04-C-AM-UW, AM004	360	90,595	0	
20.000		04-C-AM-UW, AM03	360	264,858	0	
20.000		04CAMUWAM001&07	360	73,853	0	
20.000		04CAMUWAM002	360	140,951	0	
20.000		DDEGRD-04-X-00406 MOD1	360	34,337	0	
20.000		DDEGRD-05-X-00403	360	28,060	0	
20.000		DTNH 22-99-H-17444 M15	360	(7,147)	0	
20.000		DTNH22-99-H-27000 AM10	360	137,847	0	
20.000		DTRS99-G-0010	360	252,745	0	
20.000		DTRS99-G-0010, M0D03	360	140,727	0	
20.000		DTRS99-G-0010, M0D06	360	717,690	121,826	
20.000		UW BUD# 668470	360	15,708	0	PT
20.000		04CAMWSU	365	50,306	0	
20.000		2611070080002	365	21,464	0	PT
20.000		DTFH6103C00104	365	321,091	0	
20.000		DTFH6105C00008	365	397,178	0	
20.000		WSU000120	365	2,760	0	PT
20.000		WSU000193	365	102,162	0	PT
20.000		WSU000305	365	23,832	0	PT
20.000		X68040028	365	4,538	0	
	Federal Program 20.000 Total			**3,408,626**	**598,643**	
20.106	Airport Improvement Program		405	2,664,149	1,841,993	
	Federal Program 20.106 Total			**2,664,149**	**1,841,993**	
20.109	Air Transp Ctrs for Excellence		699	155,012	0	
	Federal Program 20.109 Total			**155,012**	**0**	
20.218	Natl Motor Carrier Safety		225	5,490,824	0	
20.218			240	561,603	0	
	Federal Program 20.218 Total			**6,052,427**	**0**	
20.219	Recreational Trails Prog		467	772,697	725,414	
	Federal Program 20.219 Total			**772,697**	**725,414**	
20.303	Grants-Railroad Safety-State		405	57,725	56,952	

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

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 20.303 Total			**57,725**	**56,952**	
20.505	Federal Transit-Metropltn Planng Grants		405	1,292,396	1,291,030	
	Federal Program 20.505 Total			**1,292,396**	**1,291,030**	
20.509	Formula Grants for other than Urbanized Areas		405	4,448,661	3,826,500	
	Federal Program 20.509 Total			**4,448,661**	**3,826,500**	
20.513	Capital Assist.- Elderly & Hdcp		405	398,665	302,424	
	Federal Program 20.513 Total			**398,665**	**302,424**	
20.515	State Planning & Research		405	264,982	1,485	
	Federal Program 20.515 Total			**264,982**	**1,485**	
20.516	Job Access - Reverse Commute		405	2,696,892	2,644,765	
	Federal Program 20.516 Total			**2,696,892**	**2,644,765**	
20.700	Pipeline Safety		215	783,200	0	
	Federal Program 20.700 Total			**783,200**	**0**	
20.703	Interagency Hazardous Matls		245	213,673	201,662	
	Federal Program 20.703 Total			**213,673**	**201,662**	
20.999	DOT, UNKNOWN		370	599,460	0	
20.999		None	370	1,500	0	PT
	Federal Program 20.999 Total			**600,960**	**0**	
	Dept of Transportation Total			**23,810,065**	**11,490,868**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of the Treasury

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
21.008	Low-Income Taxpayer Clinics		360	117,218	0	
	Federal Program 21.008 Total			**117,218**	**0**	
	Dept of the Treasury Total			**117,218**	**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

Equal Employment Opportunity

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
30.002	Emplymt Descrim-St/Locl Agcys		120	411,195	0	
	Federal Program 30.002 Total			**411,195**	**0**	
	Equal Employment Opportunity Total			**411,195**	**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

Federal Communications Commisn

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
32.001	Communica Info/Asst/Investigat	8607	365	(11,393)	0	PT
	Federal Program 32.001 Total			**(11,393)**	**0**	
	Federal Communications Commisn Total			**(11,393)**	**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

General Services 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
39.000	GSA, Contract Number Only Provided	LLNDWSU001	365	37	0	PT
	Federal Program 39.000 Total			**37**	**0**	
39.003	Donatn-Fed Surplus Persnl Prop		150	33,323	0	NC
39.003			225	47	0	NC
39.003			300	9	0	NC
39.003			310	7,836	0	NC
39.003			360	711	0	NC
39.003			699	42,332	0	NC
	Federal Program 39.003 Total			**84,258**	**0**	
39.011	Election Reform Payments		085	8,047,366	4,971,771	
	Federal Program 39.011 Total			**8,047,366**	**4,971,771**	
39.999	GSA, UNKNOWN		405	516,110	516,110	
	Federal Program 39.999 Total			**516,110**	**516,110**	
	General Services Admin Total			**8,647,771**	**5,487,881**	

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

Nat'l 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	032T3029932, AMD001	360	161,705	0	PT
43.000		07605-003-027	360	6,254	0	PT
43.000		07605-003-027 MOD02	360	151,268	0	PT
43.000		07605-003-038	360	2,479	0	PT
43.000		10234024	360	78,491	0	PT
43.000		1216232 (MOD08)	360	11,487	0	PT
43.000		1216233 MOD08	360	29,966	0	PT
43.000		1216233 MOD10	360	46,075	0	PT
43.000		1216234	360	30,573	0	PT
43.000		1221119 MOD #10	360	104,984	0	PT
43.000		123267-01	360	(4)	0	PT
43.000		123316-01	360	17,772	0	PT
43.000		1245173 MOD #2 & #3	360	(4,048)	0	PT
43.000		1250164, MOD 8	360	7,620	0	PT
43.000		1252463 MOD06	360	104,634	0	PT
43.000		1256577	360	(30,536)	0	PT
43.000		1258845-MOD2	360	8,843	0	PT
43.000		1263191 MOD.2	360	108,417	0	PT
43.000		126586-1110048 AM06	360	(9)	0	PT
43.000		1267029 MO1	360	52,030	0	PT
43.000		1267178 Mod.1	360	32,762	0	
43.000		1267196	360	48,760	0	PT
43.000		1267196 MOD03	360	118,545	0	PT
43.000		1268416	360	91,911	0	PT
43.000		1269358	360	239,954	0	PT
43.000		1269625	360	15,986	0	PT
43.000		1275177	360	45,522	0	PT
43.000		1275177,MO1	360	34,002	0	PT
43.000		1277179	360	2,684	0	PT
43.000		1280115, MOD01	360	20,002	0	PT
43.000		1280682	360	42,649	0	PT
43.000		1280794	360	30,929	0	PT
43.000		1951	360	(8)	0	PT
43.000		60-08271.02-97A	360	(2)	0	PT
43.000		669781 AM05	360	19,116	0	PT
43.000		81000000144	360	29,252	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Nat'l 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	DTM-3159-07, AM06	360	126,844	0	PT
43.000		G-2709-1	360	2,398	0	PT
43.000		G056112X	360	26,472	0	PT
43.000		G06-7058X	360	2,411	0	PT
43.000		GO-08314.01-97A AM01	360	(453)	0	PT
43.000		HST GO 10132.01 A	360	15,644	0	PT
43.000		HST-AR-09959.02-A	360	1,213	0	PT
43.000		HST-AR-10289.02-A	360	300	0	PT
43.000		HST-AR-10309.02-A	360	22,127	0	PT
43.000		HST-AR-10637-01-A	360	22,081	0	PT
43.000		HST-GO-08211.01-A	360	450	0	PT
43.000		HST-GO-08601 05-A A3&4	360	453	0	PT
43.000		HST-GO-09357.06-A, AM1	360	3,984	0	PT
43.000		HST-GO-09443.03-A	360	(17)	0	PT
43.000		HST-GO-09444.06-A AM02	360	19,062	0	PT
43.000		HST-GO-09459.06-A	360	2	0	PT
43.000		HST-GO-09476.01-A, AM1	360	35,579	0	PT
43.000		HST-GO-09806.01-A	360	7,529	0	PT
43.000		HST-GO-09899.01-A	360	843	0	PT
43.000		HST-GO-10005.02-A	360	825	0	PT
43.000		HST-GO-10120,04-A	360	22,971	0	PT
43.000		HST-GO-10233.01-A	360	2,332	0	PT
43.000		HST-GO-10259.02-A	360	13,029	0	PT
43.000		HST-GO-10349.02-A	360	5,311	0	PT
43.000		HST-GO-10424.A0-A	360	6,300	0	PT
43.000		HST-GO-10486-01-A, AM1	360	24,779	0	PT
43.000		HST-GO-10523.04-A	360	24,605	0	PT
43.000		HST-GO-10525. 01-A1	360	34,685	0	PT
43.000		HST-GO-10775.09-A	360	3,034	0	PT
43.000		HST-HF-01175.01-A AMD1	360	107,907	0	PT
43.000		HSTG009815.01A AMEND1	360	13,246	0	PT
43.000		MET2021UW	360	9,622	0	PT
43.000		NAG 2-1514 SUPP 5	360	602	0	
43.000		NAG 5-10114 MOD#04	360	3,070	0	
43.000		NAG-1-03051	360	27,556	0	
43.000		NAG3 2879 SUP03	360	1,604	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

Nat'l 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	NAG3-2517, SUPP 3	360	38,113	0	
43.000		NAG3-2889	360	71,647	0	
43.000		NAG3-2889 SUPP04	360	30,558	25,000	
43.000		NAG5 11622 SUPP0002	360	24,757	0	
43.000		NAG5 11679, SUP2	360	1,714	0	
43.000		NAG5-10570, SUPP. 0004	360	1,398	0	
43.000		NAG5-10624, SUP 0002	360	(48)	0	
43.000		NAG5-11542, SUPP 1	360	45	0	
43.000		NAG5-11587	360	17,823	0	
43.000		NAG5-11632 SUPP02	360	80,201	0	
43.000		NAG5-11685, SUPP 0002	360	(268)	0	
43.000		NAG5-11869 SUP02	360	2,117	0	
43.000		NAG5-11892-2	360	76,565	39,986	
43.000		NAG5-12374 MOD #3	360	86,852	0	
43.000		NAG5-12539	360	88,695	0	
43.000		NAG5-12938	360	18,650	0	
43.000		NAG5-12947 SUP05	360	258,348	0	
43.000		NAG5-12995	360	(16)	0	
43.000		NAG5-13111, SUPP 1	360	49,899	0	
43.000		NAG5-13117, SUPPL # 2	360	33,270	0	
43.000		NAG5-13128 SUPP01	360	130,425	0	
43.000		NAG5-13372	360	90,500	0	
43.000		NAG5-13473 - SUPP 1	360	(6,710)	0	
43.000		NAG5-13564, S02	360	81,510	0	
43.000		NAG5-13654, SUPP 3	360	101,068	0	
43.000		NAG5-13656	360	2,697	0	
43.000		NAG5-7932, S0004	360	(76)	0	
43.000		NAG5-9022 SO0006	360	(160)	0	
43.000		NAG5-9906 S08	360	16,977	0	
43.000		NAG9-1343,S09	360	(32,417)	0	
43.000		NAS1-18940 MOD24	360	(6)	0	
43.000		NAS1-99105,AM17	360	84,809	0	
43.000		NAS5-00212 MOD05	360	16,493	16,493	
43.000		NAS5-03075 MOD2	360	163,537	0	
43.000		NASA-12203 S01	360	1,831	0	
43.000		NCC 2-1273	360	771,966	78,240	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Nat'l 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	NCC 2-1273, SUPP 32	360	54,552	0	
43.000		NCC 2-1273, SUPP 7	360	(37,800)	0	
43.000		NCC 2-1273, SUPP 8	360	6,339	0	
43.000		NCC 2-1273, SUPP 9	360	80,200	0	
43.000		NCC5-584, S0005	360	(37)	0	
43.000		NCC5-605 SUP#5	360	338,418	147,827	
43.000		NCC5-689	360	8,416	0	
43.000		NGT-2-52294 SUP02	360	26,721	0	
43.000		NGT-2-52295 SO2	360	26,827	0	
43.000		NGT5-30445, SUPP 4	360	3,258	0	
43.000		NGT5-40084 SUP11	360	(42)	0	
43.000		NGT5-50448	360	24,000	0	
43.000		NNA04CC60G SUPPL #6	360	202,554	0	
43.000		NNA04CC87A	360	(16)	0	
43.000		NNA04CI31G	360	(5,395)	0	
43.000		NNA04CK84A	360	(50)	0	
43.000		NNC04AA37A	360	27,662	0	
43.000		NNC04AA37A S03	360	41,070	0	
43.000		NNC04GA76G	360	83,096	0	
43.000		NNC04GB03G	360	77,629	0	
43.000		NNC04GB26G	360	52,831	0	
43.000		NNC04GB26G, SUP # 2	360	26,383	0	
43.000		NNC05GA36G SUP01	360	170,437	0	
43.000		NNCO4GA51G	360	27,018	0	
43.000		NNG-04-GQ24H SUPP 01	360	28,257	0	
43.000		NNG04GA65G	360	51,582	12,557	
43.000		NNG04GB03G SUPP03	360	108,347	0	
43.000		NNG04GB36G	360	67,358	0	
43.000		NNG04GD12G S01	360	27,011	0	
43.000		NNG04GD64G SUPP#2	360	96,392	0	
43.000		NNG04GF73G	360	186	0	
43.000		NNG04GG38G	360	(1,971)	0	
43.000		NNG04GG66G, SUPP # 002	360	30,973	0	
43.000		NNG04GH20G SUP#3	360	11,810	0	
43.000		NNG04GH52G SUP01	360	223,730	0	
43.000		NNG04GJ95G	360	36,285	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

Nat'l 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	NNG04GK42G	360	91,399	0	
43.000		NNG04GK57G	360	18,958	0	
43.000		NNG04GM23G, SUP#3	360	105,750	37,251	
43.000		NNG04GM69G SUPP01	360	136,201	0	
43.000		NNG04GN07G	360	39,001	0	
43.000		NNG04GN70G S02	360	60,277	0	
43.000		NNG04GO13G	360	98,368	0	
43.000		NNG04GO13G SUP # 2	360	21,817	0	
43.000		NNG04GO75G	360	104,599	0	
43.000		NNG04GP47G	360	13,885	0	
43.000		NNG04GP92G	360	49,361	0	
43.000		NNG04GP93G MOD01	360	882	0	
43.000		NNG04GQ51H, SUPPL. #2	360	24,000	0	
43.000		NNG04GR25G	360	9,762	0	
43.000		NNG04GR38G, MOD01	360	122,200	0	
43.000		NNG04HZ55C, MOD #5&6	360	148,711	0	
43.000		NNG05GA19G SUP#1	360	475,950	0	
43.000		NNG05GB42G	360	13,446	0	
43.000		NNG05GC45G SUP31	360	37,618	0	
43.000		NNG05GD17G, SUPPL03	360	35,231	0	
43.000		NNG05GE12G	360	21,050	0	
43.000		NNG05GF42H, SUPP 4	360	490,413	81,404	
43.000		NNG05GF74G, SUP01	360	77,611	0	
43.000		NNG05GG46G	360	7,597	0	
43.000		NNG05GH36G, MOD # 2	360	26,848	0	
43.000		NNG05GH49G SUP1	360	40,777	0	
43.000		NNG05GI17G, SUPPL. #1	360	59,361	131	
43.000		NNG05GJ93G	360	19,467	0	
43.000		NNG05GK97G	360	25,006	0	
43.000		NNG05GL29G	360	6,521	0	
43.000		NNG05GL59G	360	63,199	0	
43.000		NNG05GM39G, SUPPL 1	360	73,004	0	
43.000		NNG05GN37G	360	38,688	0	
43.000		NNG05GO09G	360	123,814	0	
43.000		NNG05GO11H	360	28,144	0	
43.000		NNG05GO40G	360	23,285	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Nat'l 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	NNG05GP07H,SUP #1	360	21,140	0	
43.000		NNG05GP64H, SUPPL. 1	360	25,343	0	
43.000		NNG05GQ25G, A01	360	18,762	0	
43.000		NNG05WC22G, SUP # 1	360	12,689	0	
43.000		NNG05WC55G	360	14,331	0	
43.000		NNG05WC55G,SUPP#1	360	67,695	0	
43.000		NNG06GA76G	360	14,806	0	
43.000		NNG06GA84G	360	81,570	0	
43.000		NNG06GD03G	360	381	0	
43.000		NNG06GD79G	360	5,756	0	
43.000		NNG06GE24G	360	445	0	
43.000		NNG06GE55G	360	27,930	0	
43.000		NNG06GE98A	360	76,781	0	
43.000		NNG06GF81G	360	8,836	0	
43.000		NNG06GG25G	360	1,257	0	
43.000		NNGO5GN88G	360	39,372	0	
43.000		NNGO5WC22G	360	104,725	0	
43.000		NNL05AA26P	360	25,828	0	
43.000		NNL05AA49C	360	68,572	0	
43.000		NNM04AG61P AMD 3	360	19,161	0	
43.000		NNM05AA19G MOD # 2	360	178,027	0	
43.000		NNS06AA78G	360	44,653	0	
43.000		NS033A-01 AM19	360	109,059	0	PT
43.000		PF00505	360	45,237	0	PT
43.000		PF00505 AMEND#1	360	11,337	0	PT
43.000		PY-2426, AM11	360	85,688	0	PT
43.000		RF00970997/744679 MOD2	360	39,920	0	PT
43.000		S6524, MOD22	360	16,797	0	PT
43.000		SA 3872-24080, AM01	360	14,312	0	PT
43.000		SA4347-24309 AMEND 4	360	60,089	0	PT
43.000		SMS00401 AM# 7	360	39,566	0	PT
43.000		SMS00401 AM# 8	360	17,619	0	PT
43.000		SMS00402	360	5,347	0	PT
43.000		SMS00402 AM06	360	380,953	0	PT
43.000		SMS00402, AM#3	360	56,379	0	PT
43.000		UW BUD# 660149	360	1	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Nat'l 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	W81XWH-05-2-0056	360	87,848	0	
43.000		Y403021, AM2	360	42	0	PT
43.000		Z689203 & MOD G	360	145,380	0	PT
43.000		1236947	365	93,127	0	PT
43.000		1263474	365	(3,681)	0	PT
43.000		AM6920061	365	20,975	0	PT
43.000		CG0202	365	(5,053)	0	PT
43.000		GUAR24540241	365	4,400	0	
43.000		HSTAR0874502A	365	391	0	PT
43.000		HSTAR1064206A	365	58	0	PT
43.000		HSTG01042906A	365	485	0	PT
43.000		HSTGO0939202A	365	37,009	0	PT
43.000		HSTGO1021712A	365	18,974	0	PT
43.000		NAG512837	365	1,010	0	
43.000		NAG512959	365	27,637	0	
43.000		NAS500177	365	27,883	0	
43.000		NNC04GA53G	365	67,368	0	
43.000		NNCO4GA65G	365	49,595	0	
43.000		NNG04GI40G	365	149,994	0	
43.000		NNG05GR56G	365	54,180	0	
43.000		NNM04AA17G	365	41,463	0	
43.000		RPA11428000	365	4,712	0	
43.000		RPA11428005	365	(9,040)	0	
43.000		NAG5-13728	375	77,257	14,573	
	Federal Program 43.000 Total			**11,829,839**	**453,462**	
43.001	Aerospace Educatn Svcs Program	46758105333	360	14,964	0	PT
	Federal Program 43.001 Total			**14,964**	**0**	
43.002	Technology Transfer		245	7,892	5,070	
43.002		153-6824	360	9,499	0	PT
	Federal Program 43.002 Total			**17,391**	**5,070**	
43.999	NASA, UNKNOWN		360	26,395	0	
	Federal Program 43.999 Total			**26,395**	**0**	
	Nat'l Aeronautics & Space Admin Total			**11,888,589**	**458,532**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

National Science Foundation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
47.041	Engineering Grants		699	55,103	0	
	Federal Program 47.041 Total			**55,103**	**0**	
47.049	Mathematical & Physical Sci's	DUE 0532618	699	9,085	0	PT
	Federal Program 47.049 Total			**9,085**	**0**	
47.070	Computer/Info Sci/Engineering		699	10,230	0	
	Federal Program 47.070 Total			**10,230**	**0**	
47.076	Educational and Human Resource		699	1,532,015	0	
47.076		DUE 0442439	699	18,655	0	PT
	Federal Program 47.076 Total			**1,550,670**	**0**	
47.079	International Science and Engineering (OISE)		360	82,313	0	
47.079			365	5,084	0	
	Federal Program 47.079 Total			**87,397**	**0**	
47.999	NSF, UNKNOWN		699	92,117	0	
	Federal Program 47.999 Total			**92,117**	**0**	
	National Science Foundation Total			**1,804,602**	**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

Small Business Administration

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
59.000	SBA, Contract Number Only Provided	SBA-HQ-04-R-0018	377	2,500	0	PT
	Federal Program 59.000 Total			**2,500**	**0**	
59.037	Small Bus Devplmnt Center		365	1,659,344	127,174	
	Federal Program 59.037 Total			**1,659,344**	**127,174**	
	Small Business Administration Total			**1,661,844**	**127,174**	

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

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	663-04-034-0003	360	(9)	0	
64.000		663-45-05 PLUS MOD 1&2	360	8	0	
64.000		663-47-05	360	195,074	0	
64.000		663-C40781	360	(2,465)	0	
64.000		663-C41364 SA#2	360	(41)	0	
64.000		663-C50348	360	34,773	0	
64.000		663-C50580	360	11,732	0	
64.000		663-C50634	360	58,000	0	
64.000		663-C50663	360	23,206	0	
64.000		663-C50741	360	33,278	0	
64.000		663-C60009, AMDT S/A 1	360	26,459	0	
64.000		663-C60052	360	843,119	0	
64.000		663-C60371	360	20,836	0	
64.000		663-C60379	360	89,696	0	
64.000		663-C60415 AND AMD #1	360	24,826	0	
64.000		663-C60494	360	5,607	0	
64.000		663-D36062	360	(9)	0	
64.000		663-D56063	360	5,924	0	
64.000		663-D56064	360	11,415	0	
64.000		663-D56065	360	5,832	0	
64.000		663-D56087	360	3,809	0	
64.000		663-D56110	360	5,719	0	
64.000		663-D56139	360	42,513	0	
64.000		663-D66006	360	25,053	0	
64.000		663-D66102 AND SA-1	360	1,746	0	
64.000		663-D66103 MOD SA1	360	11,672	0	
64.000		663/151	360	(443)	0	
64.000		663C50014	360	2,498	0	
64.000		Mary Mason R&D (151)	360	1,765	0	
64.000		NONE	360	48,068	0	
64.000		P.O.663-C50337	360	7,512	0	
64.000		PO #663-C50147, AMEND1	360	11,158	0	
64.000		PO #663C50237*	360	10,648	0	
64.000		PO 663-C50226	360	194,647	0	
64.000		PO 663-C50280	360	4,902	0	
64.000		PO 663-C60375	360	15,026	0	

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Department of Veterans Affairs

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64.000	VA, Contract Number Only Provided	PO 663-D36084	360	(81)	0	
64.000		PO#663-C50278	360	62,164	0	
64.000		PO#663-C50279	360	35,595	0	
64.000		PO#663-C50288	360	16,278	0	
64.000		PO663C60223V663P599705	360	30,084	0	
64.000		PO663D56056	360	2,745	0	
64.000		PO663D56121	360	3,141	0	
64.000		V260P-00269 663-D66057	360	8,722	0	
64.000		V260P-00355PO663D66053	360	78,279	0	
64.000		V260P-00362	360	56,005	0	
64.000		V260P-00363	360	28,460	0	
64.000		V260P-00414	360	32,618	0	
64.000		V260P-00467	360	103,489	0	
64.000		V260P-00483	360	193,929	0	
64.000		V346P-4895 (SA/#17)	360	87,257	0	
64.000		V633P-5936-05	360	209,139	0	
64.000		V633P5936-05C/OA&C/O-B	360	248,117	0	
64.000		V6639-6001-05 SA-1	360	8,600	0	
64.000		V663P-5159	360	(1,594)	0	
64.000		V663P-5704,AM01	360	(2)	0	
64.000		V663P-5710 S/A #3	360	88,960	0	
64.000		V663P-5710, S/A #4	360	31,409	0	
64.000		V663P-5711 S/A 1	360	(713)	0	
64.000		V663P-5711 S/A 2	360	94,534	0	
64.000		V663P-5711, S/A#4	360	31,058	0	
64.000		V663P-5786-03 AM03	360	228,108	0	
64.000		V663P-5787-04	360	158,997	0	
64.000		V663P-5801-04	360	18,967	0	
64.000		V663P-5801-04 MOD S/A1	360	35,944	0	
64.000		V663P-5853,PO663C60372	360	41,502	0	
64.000		V663P-5890-05 MOD CO-B	360	24,800	0	
64.000		V663P-5890-05MODC0ASA1	360	3,582	0	
64.000		V663P-5910-04 AMO SA-1	360	28,796	0	
64.000		V663P-5910-04, SA-3	360	71,166	0	
64.000		V663P-5935	360	430,747	0	
64.000		V663P-5956-05 MODS/A-1	360	5,097	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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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	V663P-5965-05	360	3,439	0	
64.000		V663P-5970-05	360	13,115	0	
64.000		V663P-5970-05 MOD SA-1	360	73,909	0	
64.000		V663P-5973-05	360	32,569	0	
64.000		V663P-5978-05	360	12,104	0	
64.000		V663P-5978-05 MOD SA1	360	37,508	0	
64.000		V663P-5997-05	360	2,543	0	
64.000		V663P-5998,O663-D56103	360	15,531	0	
64.000		V663P-6007-05	360	36,961	0	
64.000		V663P-6009, 663-D56108	360	8,298	0	
64.000		V663P-6011, 663-D56109	360	12,551	0	
64.000		V663P-6016, PO663D5611	360	9,890	0	
64.000		V663P5775	360	18,348	0	
64.000		V663P5979-05AMENDC/O-C	360	23,290	0	
	Federal Program 64.000 Total			**4,569,509**	**0**	
64.005	Grnt-St Home Facilty Constrctn		305	192,811	0	
	Federal Program 64.005 Total			**192,811**	**0**	
64.012	Veterans Prescription Service		305	15,798	0	
	Federal Program 64.012 Total			**15,798**	**0**	
64.014	Vets State Domicillary Care		305	356,437	0	
	Federal Program 64.014 Total			**356,437**	**0**	
64.015	Vets State Nursing Home Care		305	11,446,867	0	
	Federal Program 64.015 Total			**11,446,867**	**0**	
64.101	Burial Expense Allowance Vets		305	3,000	0	
	Federal Program 64.101 Total			**3,000**	**0**	
64.110	Vet Dependncy/Indemnty Comp		699	1,493	0	
	Federal Program 64.110 Total			**1,493**	**0**	
64.116	Voc Rehab for Disabled Veteran		699	986	0	
	Federal Program 64.116 Total			**986**	**0**	
64.117	Dependents Educational Assist		699	1,159	0	
	Federal Program 64.117 Total			**1,159**	**0**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Department of Veterans Affairs

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64.120	Post-Vietnam Era Vets Ed Asst		376	52,830	0	
	Federal Program 64.120 Total			**52,830**	**0**	
64.124	All-Volunteer Force Ed Asst		343	259,399	0	
64.124			354	149,105	0	
64.124			699	1,028	0	
	Federal Program 64.124 Total			**409,532**	**0**	
64.999	VA, UNKNOWN		360	2,094,269	0	
64.999			699	16,262	0	
	Federal Program 64.999 Total			**2,110,531**	**0**	
	Department of Veterans Affairs Total			**19,160,953**	**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

Environmental Protection Agy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
66.000	EPA, Contract Number Only Provided	C301	360	28,474	0	PT
66.000		EP05W002745,A2	360	9,873	0	
66.000		FP-91639901-2	360	33,701	0	
66.000		FP-91654001-0	360	28,590	0	
66.000		FP-91656301-0	360	11,262	0	
66.000		P.O 231332	360	13,138	0	PT
66.000		RD-83273301-0	360	732	0	
66.000		U-91614201-01,02	360	1,038	0	
66.000		U-91624401-1	360	32,761	0	
66.000		USM-GR01079-A10 AM 6	360	61,889	0	PT
66.000		UW BUD# 660213	360	30,868	0	PT
66.000		205ERV014	365	53,456	0	PT
66.000		C0026	365	3,108	0	PT
66.000		C382	365	14,286	0	PT
66.000		HC493900	365	(534)	0	PT
66.000		HC533400	365	14,058	0	PT
66.000		PO #2006272	365	29,132	0	PT
66.000		REGION10200403	365	21,134	0	PT
66.000		REGION10200404	365	13	0	PT
66.000		REGION10200406	365	1,787	0	PT
66.000		WSU000007	365	141	0	PT
66.000		WSU000153	365	(639)	0	PT
66.000		XA960180010	365	43,029	0	
	Federal Program 66.000 Total			**431,297**	**0**	
66.001	Air Pollution Contrl Pgm Spt	C431	365	(1,701)	0	PT
	Federal Program 66.001 Total			**(1,701)**	**0**	
66.032	State Indoor Radon Grants		303	33,598	0	
	Federal Program 66.032 Total			**33,598**	**0**	
66.034	Srvys, Studis, Investgtns,Demos/Spec Purps Activ-Cln Air Act		365	65,234	0	
66.034			461	955,697	371,925	
	Federal Program 66.034 Total			**1,020,931**	**371,925**	
66.418	Construction Grnts for Wastewater Treatmnt Works		461	52,340	0	
	Federal Program 66.418 Total			**52,340**	**0**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Environmental Protection Agy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
66.419	Water Pollution Contrl-State &		303	302,371	0	
66.419		536462	370	8,603	0	PT
	Federal Program 66.419 Total			**310,974**	**0**	
66.432	Public Water System Supervisin		303	2,296,584	23,732	
	Federal Program 66.432 Total			**2,296,584**	**23,732**	
66.436	Surveys,Studies,Investigations,Demos & Trng-Water		461	181,828	108,786	
	Federal Program 66.436 Total			**181,828**	**108,786**	
66.454	Water Quality Mgmt Planning		461	164,367	0	
	Federal Program 66.454 Total			**164,367**	**0**	
66.456	National Estuary Program		075	749,005	306,000	
	Federal Program 66.456 Total			**749,005**	**306,000**	
66.458	Captlzn Grnts for Clean Water State Revolvng Funds		461	23,899,865	23,035,546	
	Federal Program 66.458 Total			**23,899,865**	**23,035,546**	
66.460	Nonpoint Source Implementation		461	3,828,825	2,163,174	
	Federal Program 66.460 Total			**3,828,825**	**2,163,174**	
66.461	Regional Wetland Program Development Grants		461	202,147	0	
66.461			490	6,000	0	
	Federal Program 66.461 Total			**208,147**	**0**	
66.463	Water Quality Cooperative Agreements		303	42,785	0	
66.463			461	139,932	0	
	Federal Program 66.463 Total			**182,717**	**0**	
66.467	Wastewtr Operatr Trng Grnt Prog (Tech Assist)		461	30,160	0	
	Federal Program 66.467 Total			**30,160**	**0**	
66.468	Capitalization Grnts for Drinking Water St Revolv		303	28,173,489	23,922,124	
	Federal Program 66.468 Total			**28,173,489**	**23,922,124**	
66.469	Great Lakes Program	K043440	360	19,079	0	PT
	Federal Program 66.469 Total			**19,079**	**0**	
66.471	St Grnts to Reimbrse Operatrs of Sml Water Sysms		303	859,351	397,647	
	Federal Program 66.471 Total			**859,351**	**397,647**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Environmental Protection Agy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
66.472	Beach Monitrng & Notification Progm Implmntn Grnts		461	412,585	252,373	
	Federal Program 66.472 Total			**412,585**	**252,373**	
66.474	Water Protection Grants to the States		303	203,517	98,943	
	Federal Program 66.474 Total			**203,517**	**98,943**	
66.479	Wetland Prog Grnts - St/Tribl Envirnmtl Outcome Wtld Demo		461	63,847	0	
	Federal Program 66.479 Total			**63,847**	**0**	
66.514	Science to Achieve Results (STAR) Program		360	87,775	0	
66.514			365	12,661	0	
	Federal Program 66.514 Total			**100,436**	**0**	
66.516	P3 Award: Natl Student Design Competition for Sustainability		376	3,383	0	
	Federal Program 66.516 Total			**3,383**	**0**	
66.605	Performance Partnership Grnts		461	9,042,339	1,875,183	
	Federal Program 66.605 Total			**9,042,339**	**1,875,183**	
66.606	Surveys, Studies & Specl Purpose Grnts		103	428,197	0	
66.606			360	5,337	0	
66.606			365	244,772	40,723	
66.606		04DEC11SG	365	45,546	0	PT
66.606		129G106100	365	101,998	0	PT
66.606		134G106100	365	45,127	0	PT
66.606			461	441,934	63,615	
	Federal Program 66.606 Total			**1,312,911**	**104,338**	
66.607	Training & Fellowships for the EPA		365	21,446	0	
	Federal Program 66.607 Total			**21,446**	**0**	
66.608	Envirnmntl Info Exchnge Network Grant Prog & Related Assist		461	314,508	0	
	Federal Program 66.608 Total			**314,508**	**0**	
66.610	Surveys,Studies,Investigtns& Special Purpose Grnts		360	33,390	0	
66.610			365	9,696	0	
66.610			461	31,315	30,839	
	Federal Program 66.610 Total			**74,401**	**30,839**	
66.700	Consolidated Pesticide Enforcement Coop Agreemnts		495	555,258	0	

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Environmental Protection Agy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 66.700 Total			**555,258**	**0**	
66.708	Pollution Prevention Grnts		461	267,488	38,361	
	Federal Program 66.708 Total			**267,488**	**38,361**	
66.714	Pesticide Evironmentl Stewarship Regl Grnts		365	55,821	0	
	Federal Program 66.714 Total			**55,821**	**0**	
66.716	Surveys,Studies,Specl Purpose Grnts-Off of Admin		360	35,868	0	
	Federal Program 66.716 Total			**35,868**	**0**	
66.801	Hazardous Waste Mgmt St Pgm		461	1,886,935	0	
	Federal Program 66.801 Total			**1,886,935**	**0**	
66.802	Sprfund State Site_Specific Coop Agreements_		303	9,204	0	
66.802			461	196,178	0	
	Federal Program 66.802 Total			**205,382**	**0**	
66.804	State & Tribal Underground Storage Tanks Pgm		461	155,137	0	
	Federal Program 66.804 Total			**155,137**	**0**	
66.805	Leaking Underground Storage Tank Trust Fund		461	1,101,903	0	
	Federal Program 66.805 Total			**1,101,903**	**0**	
66.808	Solid Waste Management Assistance Grants		303	24,263	0	
66.808			461	7,221	0	
	Federal Program 66.808 Total			**31,484**	**0**	
66.809	Superfund St & Indian Tribe Core Progm Coop Agreemnts		461	171,000	0	
	Federal Program 66.809 Total			**171,000**	**0**	
66.813	Alternative/Innovative Treatmnt Techngy Resrch etc		360	39,528	0	
	Federal Program 66.813 Total			**39,528**	**0**	
66.817	State & Tribal Response Program Grants		461	1,072,393	256,919	
	Federal Program 66.817 Total			**1,072,393**	**256,919**	
66.818	Brownfield Assessmnt & Cleanup Cooperative Agmnts		103	3,616,831	0	
66.818			360	77,579	0	
	Federal Program 66.818 Total			**3,694,410**	**0**	
66.940	Environmental Policy and State Innovation Grants		461	2,653	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Environmental Protection Agy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 66.940 Total			**2,653**	**0**	
66.999	EPA, UNKNOWN		461	149	149	
	Federal Program 66.999 Total			**149**	**149**	
	Environmental Protection Agy Total			**83,265,638**	**52,986,039**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
81.000	Energy, Contract Number Only Provided	000005396 AM007	360	(23)	0	
81.000		0000X-SC-G0517	360	64,841	0	PT
81.000		00012494 MOD 3	360	69,066	0	
81.000		00013690 MOD 003	360	222,148	0	
81.000		00015990	360	119,699	0	
81.000		00017513	360	148,051	0	
81.000		00019611	360	36,469	15,000	
81.000		00020638	360	94,296	0	
81.000		00024683	360	64,587	0	
81.000		00025091	360	140,971	0	
81.000		00025093	360	166,847	0	
81.000		00025162	360	276,278	0	
81.000		00025472	360	140,764	0	
81.000		00027293	360	7,114	0	
81.000		020318	360	266,043	0	
81.000		04-2005	360	7,311	0	PT
81.000		10-2006	360	21,840	0	PT
81.000		130142, AMEND 3	360	13,454	0	PT
81.000		1540	360	12,915	0	PT
81.000		184630 (MOD#4)	360	86,936	0	PT
81.000		19117	360	7,281	0	PT
81.000		2003-1389 AMEND 15	360	61,787	0	PT
81.000		234151M	360	2,301	0	PT
81.000		25865/A24135	360	17,764	0	
81.000		27591	360	11,470	0	
81.000		32449-REQ-06	360	40,127	0	PT
81.000		3396-11405 MOD 03	360	2,054	0	PT
81.000		35020-001-06	360	6,163	0	PT
81.000		374606	360	71,516	0	PT
81.000		551-8930, MOD03	360	54,171	0	PT
81.000		564335	360	44,956	0	PT
81.000		6630, TASK ORD#11457M2	360	3,578	0	PT
81.000		6630,TO14622 MOD1	360	120,436	0	PT
81.000		6700882, MOD07	360	367,380	0	PT
81.000		7010001104 MOD02	360	(314)	0	PT
81.000		87125, AMEND 2	360	1,187	0	PT

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Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
81.000	Energy, Contract Number Only Provided	87125,AMEND 2	360	47,188	0	PT
81.000		889186-874J	360	18,569	0	PT
81.000		96386	360	116,685	0	PT
81.000		AM09	360	45,543	0	PT
81.000		B539653	360	40,543	0	PT
81.000		B539664	360	21,254	0	PT
81.000		B541344 MOD 01	360	77,147	0	PT
81.000		CDS-1540-06	360	3,663	0	PT
81.000		DE FG 02-04ER46102 A02	360	136,931	0	
81.000		DE-FC01-06EH06001	360	126,699	0	
81.000		DE-FC02-96SF21258, A17	360	612,429	0	
81.000		DE-FC03-96SF21258, A17	360	21	0	
81.000		DE-FC03-96SF21258,A018	360	255,424	0	
81.000		DE-FC26-02NT41566 MOD3	360	130,866	0	
81.000		DE-FC36-05GO15057	360	196,346	0	
81.000		DE-FG-02-04ER54753	360	59,484	0	
81.000		DE-FG26-03NT41808	360	65,435	0	
81.000		DE-FG26-05NT42528	360	29,642	0	
81.000		DELS-2150-05-001	360	108,535	0	PT
81.000		DELS-7497-06-001	360	37,677	0	PT
81.000		MAS ARG #6630 TO#19856	360	27,119	0	PT
81.000		MASTRAGRMNT6630TO14172	360	17,406	0	PT
81.000		S9140	360	9,855	0	PT
81.000		T.O. 20880-AGRMT 6630	360	13,321	0	PT
81.000		TO354961-AQ0 MOD 03	360	2	0	PT
81.000		UW BUD# 630469	360	2,774	0	PT
81.000		UW BUD# 660332	360	41,658	0	PT
81.000		UW BUD# 660678	360	137,646	0	PT
81.000		UW BUD# 667725	360	(492)	0	PT
81.000		UW BUD# 669740	360	13,937	0	PT
81.000		UW BUD# 669757	360	3,221	0	PT
81.000		UW BUD# 669907	360	103,628	0	PT
81.000		UW BUD# 669911	360	19,434	0	PT
81.000		00006184	365	45,000	0	
81.000		00007525	365	8,422	0	
81.000		0000XSCG0516	365	39,848	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of 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	00013466	365	(3,412)	0	
81.000		00014002	365	1,914,690	0	PT
81.000		00016832	365	42,509	0	
81.000		00017803	365	(19,875)	0	
81.000		00020667	365	(2,618)	0	
81.000		00021287	365	8,428	0	
81.000		00022745	365	6,000	0	
81.000		00022761	365	500	0	
81.000		00024614	365	188,022	0	
81.000		18591	365	21,354	0	PT
81.000		19479	365	5,972	0	PT
81.000		2073300105	365	38,290	0	PT
81.000		24590NPPOAHPYF00001	365	(4,208)	0	PT
81.000		327422AN4	365	150,254	0	PT
81.000		3546300106	365	6,322	0	PT
81.000		4000008068	365	(2,556)	0	PT
81.000		4000031344	365	74,480	0	PT
81.000		5F00539	365	156,819	0	PT
81.000		6490426	365	(7,418)	0	PT
81.000		6633	365	589,029	0	PT
81.000		6721142	365	17,010	0	PT
81.000		A0368	365	239,252	0	PT
81.000		AW9379	365	(31,090)	0	PT
81.000		B533222	365	13,763	0	PT
81.000		B538882	365	9,171	0	PT
81.000		B541020	365	3,599	0	PT
81.000		B548970	365	33,283	0	PT
81.000		C10169	365	43,121	0	PT
81.000		DEAP5106R021690	365	62,001	0	
81.000		DEFC0705ID14643	365	182,576	0	
81.000		DEFC0705ID14644	365	167,634	0	
81.000		DEFC5104R029114	365	11	0	
81.000		DEFG0101NE23053	365	(21,508)	0	
81.000		DEFG0203ER15481	365	159,263	0	
81.000		DEFG0204ER15559	365	129,416	0	
81.000		DEFG0204ER63727	365	317,905	0	

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81.000	Energy, Contract Number Only Provided	DEFG0204ER63924	365	171,077	0	
81.000		DEFG0205ER25709	365	134,787	0	
81.000		DEFG0205ER64007	365	75,570	0	
81.000		DEFG0205ER64030	365	35,736	19,425	
81.000		DEFG020SER63974	365	54,644	0	
81.000		DEFG0299ER20323	365	173,906	0	
81.000		DEFG5104R021552	365	4,733	0	
81.000		GUAR41431207	365	1,334	0	PT
81.000		GUAR41771352	365	677	0	PT
81.000		GUAR41771356	365	896	0	PT
81.000		M234	365	312,370	0	PT
81.000		M262	365	3,265	0	PT
81.000		RR1853329823147	365	26,433	0	PT
81.000		S1601AWSU	365	1,301,299	0	PT
81.000		WSU000014	365	(1,305)	0	PT
81.000		WSU000135	365	(20,524)	0	PT
81.000		WSU000160	365	214	0	PT
81.000		WSU000174	365	24,325	0	PT
81.000		WSU000175	365	21,698	0	PT
81.000		WSU000178	365	138,102	0	PT
81.000		WSU000179	365	(805)	0	PT
81.000		WSU000187	365	32,190	0	PT
81.000		WSU000287	365	19,047	0	PT
81.000		WSU000301	365	75,000	0	PT
81.000		WSU000307	365	2,029	0	PT
81.000		WSU000324	365	8,195	0	PT
81.000		WSU000355	365	25,526	0	PT
81.000		XAA23149002	365	22,907	0	PT
81.000		00000384	477	448,604	0	
81.000		00018519	477	76,042	0	
81.000		00018827	477	23,062	0	
81.000		00019241	477	40,869	0	
81.000		00019617	477	37,023	0	
81.000		00019746	477	57,789	0	
81.000		00019754	477	33,013	0	
81.000		00019788	477	14,968	0	

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81.000	Energy, Contract Number Only Provided	00019816	477	17,807	0	
81.000		00019956	477	53,509	0	
81.000		00020037	477	93,947	0	
81.000		00020307	477	141,278	0	
81.000		00020941	477	199,470	0	
81.000		00020951	477	88,661	0	
81.000		00021391	477	165,498	0	
81.000		00021494	477	167,080	0	
81.000		00021599	477	118,858	0	
81.000		00021698	477	35,615	0	
81.000		00022370	477	826,854	0	
81.000		00022537	477	202,916	0	
81.000		00022543	477	220,600	0	
81.000		00022595	477	121,555	0	
81.000		00022720	477	82,209	0	
81.000		00023618	477	150,189	0	
81.000		00023926	477	45,182	0	
81.000		00023932	477	10,543	0	
81.000		00024085	477	284,574	0	
81.000		00024152	477	100,359	0	
81.000		00024204	477	41,853	0	
81.000		00024306	477	170,974	0	
81.000		00024371	477	58,877	0	
81.000		00024611	477	67,911	0	
81.000		00024827	477	88,799	0	
81.000		00024828	477	497,344	0	
81.000		00024950	477	220,319	0	
81.000		00025011	477	171,483	0	
81.000		00025027	477	176,482	0	
81.000		00025166	477	70,739	0	
81.000		00025282	477	112,411	0	
81.000		00025347	477	157,974	0	
81.000		00025403	477	67,065	0	
81.000		00025422	477	210,125	0	
81.000		00025457	477	82,344	0	
81.000		00025752	477	143,085	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

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	00025812	477	5,438	0	
81.000		00026285	477	52,433	0	
81.000		00026471	477	49,509	0	
81.000		00026495	477	103,017	0	
81.000		00026628	477	73,306	0	
81.000		00027152	477	81,783	0	
81.000		00027434	477	79,348	0	
81.000		00027871	477	103,766	0	
81.000		01-4278-S-Fish	477	114,529	0	PT
81.000		03-5065-S-Fish	477	327,764	0	PT
81.000		05-101	477	17,771	0	PT
81.000		05-102	477	35,809	0	PT
81.000		05-103	477	19,608	0	PT
81.000		05-105	477	25,446	0	PT
81.000		05-106	477	52,797	0	PT
81.000		05-113	477	411,380	0	PT
81.000		05-56	477	129,180	0	PT
81.000		05-64	477	32,154	0	PT
81.000		05-93	477	107,790	0	PT
81.000		06-26	477	260,110	0	PT
81.000		06-53	477	46,226	0	PT
81.000		06-54	477	128,905	0	PT
81.000		06-55	477	83,516	0	PT
81.000		06-56	477	5,819	0	PT
81.000		06-76	477	230,979	0	PT
81.000		06-80	477	19,423	0	PT
81.000		06-81	477	20,304	0	PT
81.000		Agreement	477	668,982	0	PT
	Federal Program 81.000 Total			**21,998,590**	**34,425**	
81.041	State Energy Program		365	20,265	0	
	Federal Program 81.041 Total			**20,265**	**0**	
81.042	Weatherization Assist-Low Inc		103	5,653,904	0	
	Federal Program 81.042 Total			**5,653,904**	**0**	
81.064	Scientific/Tech Info Office	TO16330-MA6630-MOD3	360	51,098	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 81.064 Total			**51,098**	**0**	
81.079	Regional Biomass Energy Pgms		365	122,345	0	
	Federal Program 81.079 Total			**122,345**	**0**	
81.092	Enviromental Restoration		245	832,401	653,933	
81.092			303	601,589	11,202	
81.092			461	2,303,048	341,300	
	Federal Program 81.092 Total			**3,737,038**	**1,006,435**	
81.105	Natl Ind Comp Engy, Env & Econ		365	46,040	46,040	
	Federal Program 81.105 Total			**46,040**	**46,040**	
81.106	States and Tribal Concerns, Proposed Solutions	C060147FED	225	130,833	0	PT
	Federal Program 81.106 Total			**130,833**	**0**	
81.108	Epidemiology & Other Health Studies Fin Asst Progs		365	912,772	8,961	
	Federal Program 81.108 Total			**912,772**	**8,961**	
81.112	Stewardship Science Grant Prog		360	34,095	0	
	Federal Program 81.112 Total			**34,095**	**0**	
81.114	University Reactor Infrastructure & Educ Support		365	65,491	0	
81.114		G0070AB	365	112,434	0	PT
	Federal Program 81.114 Total			**177,925**	**0**	
81.117	Energy Efficiency & Renewable Energy Info		103	692,819	0	
81.117			365	93,742	3,500	
	Federal Program 81.117 Total			**786,561**	**3,500**	
81.119	State Energy Program Special Projects		103	1,539,235	0	
	Federal Program 81.119 Total			**1,539,235**	**0**	
81.999	DOE, UNKNOWN		235	100,000	0	
81.999			370	59,096	0	
81.999		None	370	101,058	0	PT
	Federal Program 81.999 Total			**260,154**	**0**	
	Dept of Energy Total			**35,470,855**	**1,099,361**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.000	Educ, Contract Number Only Provided	06-0150	360	45	0	PT
84.000		070153	360	58,593	0	PT
84.000		070153 AM 03	360	46,155	0	PT
84.000		070153 AM02	360	4,006	0	PT
84.000		070153, AMEND 1	360	(2,306)	0	PT
84.000		4099 MOD04	360	288,986	0	PT
84.000		92-WA03	360	24,012	0	PT
84.000		92-WA03-AMEND 20	360	36,905	0	PT
84.000		CDS-THE U OF WASH M3	360	5,150	0	PT
84.000		PD-02-0205-014	360	134,406	0	PT
84.000		S.U. #3572350 MOD03	360	15,604	0	PT
84.000		UW BUD# 661541	360	18,591	0	PT
84.000		UW BUD# 666072	360	(1,203)	0	PT
84.000		UW BUD# 666602	360	(7)	0	PT
84.000		UW BUD# 668585	360	(2)	0	PT
84.000		UW BUD# 669520	360	5,458	0	PT
84.000		2065801WSU	365	20,485	0	PT
84.000		P335A050202	365	54,140	0	
84.000		92-WA02	375	68,624	0	PT
	Federal Program 84.000 Total			**777,642**	**0**	
84.002	Adult Education - State Grant Program		699	8,975,729	738,890	
	Federal Program 84.002 Total			**8,975,729**	**738,890**	
84.010	Title 1 Grants to Local Ed Agys		350	175,980,760	171,036,955	
	Federal Program 84.010 Total			**175,980,760**	**171,036,955**	
84.011	Migrant Education - State Grant Program		350	14,699,749	14,099,303	
	Federal Program 84.011 Total			**14,699,749**	**14,099,303**	
84.013	Neglected & Delinquent Child		350	697,823	690,257	
	Federal Program 84.013 Total			**697,823**	**690,257**	
84.015	Fellowships-Lang & Int'l Study		360	3,372,440	192,793	
	Federal Program 84.015 Total			**3,372,440**	**192,793**	
84.016	Undrgrad Intnl Studies/Languag		360	71,937	0	
84.016			699	100,937	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 84.016 Total			**172,874**	**0**	
84.018	Overseas Seminars Abroad-Bilateral Projts	UW BUD# 669703	360	(391)	0	PT
	Federal Program 84.018 Total			**(391)**	**0**	
84.021	Overseas-Group Projects Abroad		360	271,643	0	
84.021			375	37,574	0	
84.021			699	43,485	0	
	Federal Program 84.021 Total			**352,702**	**0**	
84.031	Higher Ed - Institutional Aid		370	133,842	0	
84.031			699	3,557,497	0	
84.031		HU101105	699	56,596	0	PT
	Federal Program 84.031 Total			**3,747,935**	**0**	
84.037	Perkins Loan Cancellations		699	112	0	
	Federal Program 84.037 Total			**112**	**0**	
84.048	Voc Ed -Basic Grants to States		354	22,407,978	0	
	Federal Program 84.048 Total			**22,407,978**	**0**	
84.069	Leveraging Educational Assistance Partnership		343	1,814,510	1,814,510	
	Federal Program 84.069 Total			**1,814,510**	**1,814,510**	
84.101	Voc Educ-Indians Set-aside	V101A010017-03A	699	93,785	0	PT
	Federal Program 84.101 Total			**93,785**	**0**	
84.103	TRIO Staff Training Program		360	778,069	0	
	Federal Program 84.103 Total			**778,069**	**0**	
84.116	Fund - Improv Postsecondary Ed		350	74,453	0	
84.116			360	26,126	0	
84.116		2387-UW-USDE-0029 M0D3	360	9,974	0	PT
84.116		F5237.01 AMA02	360	2,055	0	PT
84.116		P116Z040141	360	80,000	0	PT
84.116		SA0509155 AM01	360	860	0	PT
84.116			365	110,779	0	
84.116		26459	375	15,302	0	PT
84.116		P116B020007	376	15,174	0	PT
84.116		P713108	380	10,056	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.116	Fund - Improv Postsecondary Ed		699	1,258,367	0	
84.116		050100070	699	15,520	0	PT
	Federal Program 84.116 Total			**1,618,666**	**0**	
84.126	Rehabilitation Services- Basic		300	42,343,303	0	
84.126			315	6,289,844	0	
	Federal Program 84.126 Total			**48,633,147**	**0**	
84.129	Rehabilitation Long -Term Trng		360	128,803	7,523	
84.129			380	287,571	0	
	Federal Program 84.129 Total			**416,374**	**7,523**	
84.141	Migrant Ed - High School Equiv		365	502,669	0	
84.141			375	382,001	0	
84.141			699	373,762	0	
	Federal Program 84.141 Total			**1,258,432**	**0**	
84.149	Migrant Ed-College Assist Pgm		370	249,575	0	
84.149			375	343,907	0	
84.149			699	388,799	0	
	Federal Program 84.149 Total			**982,281**	**0**	
84.169	Independent Living-State Grant		300	292,137	0	
84.169			315	25,600	0	
	Federal Program 84.169 Total			**317,737**	**0**	
84.177	Indepndnt Livg-Oldr Blind Prsn		315	720,639	0	
	Federal Program 84.177 Total			**720,639**	**0**	
84.181	Spec Ed-Infants & Families w Disabil		300	8,181,232	0	
	Federal Program 84.181 Total			**8,181,232**	**0**	
84.184	Safe & Drug-Free Schls & Communits-Natl Prg		350	599,418	285,302	
	Federal Program 84.184 Total			**599,418**	**285,302**	
84.185	Byrd Honors Scholarships		350	593,125	593,125	
	Federal Program 84.185 Total			**593,125**	**593,125**	
84.186	Safe & Drug-Free Schls & Communits-St Grnts		103	1,395,267	0	
84.186			350	5,500,817	5,186,213	

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 Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 84.186 Total			**6,896,084**	**5,186,213**	
84.187	Employment Svs-Severe Disab		300	473,585	0	
84.187			315	53,617	0	
	Federal Program 84.187 Total			**527,202**	**0**	
84.195	Bilingual Ed - Professional Education		360	327,195	0	
84.195			365	292,343	0	
84.195			370	158,528	4,996	
84.195			375	179,981	0	
84.195			699	201,238	0	
	Federal Program 84.195 Total			**1,159,285**	**4,996**	
84.196	Ed for Homeless Children/Youth		350	801,920	614,954	
	Federal Program 84.196 Total			**801,920**	**614,954**	
84.213	Even Start-State Ed Agencies		350	2,576,849	2,381,454	
84.213		0445570	699	30,041	0	PT
84.213		51-02-2X-XXX-00	699	141,166	0	PT
84.213		WSMC06	699	162,821	0	PT
	Federal Program 84.213 Total			**2,910,877**	**2,381,454**	
84.214	Even Start-Migrant Education		699	1,055,029	0	
	Federal Program 84.214 Total			**1,055,029**	**0**	
84.215	Fund for Improv of Educ		350	156,163	0	
84.215		03266	365	9,770	0	PT
84.215		03267	365	19,020	0	PT
84.215		AKK461	365	123,456	0	PT
84.215		536456,68	370	16,360	0	PT
84.215		536747,51,65,75	370	220,950	0	PT
	Federal Program 84.215 Total			**545,719**	**0**	
84.224	Assistive Technology		103	(6,520)	0	
84.224			360	523,937	57,111	
	Federal Program 84.224 Total			**517,417**	**57,111**	
84.229	Language Resource Ctrs	24918	360	19,516	0	PT
	Federal Program 84.229 Total			**19,516**	**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 Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.234	Projects with Industry		360	184,349	0	
84.234		H234Q020222-01	699	14,278	0	PT
	Federal Program 84.234 Total			**198,627**	**0**	
84.235	Rehabilitation Srvs Demonstn & Trng Programs		103	(6,440)	0	
84.235			360	68,879	0	
84.235			380	88,760	0	
	Federal Program 84.235 Total			**151,199**	**0**	
84.243	Tech-Prep Education		354	2,047,149	0	
	Federal Program 84.243 Total			**2,047,149**	**0**	
84.264	Rehab Training-Continuing Educ		380	897,555	0	
	Federal Program 84.264 Total			**897,555**	**0**	
84.265	Rehab Training-St Voc Rehab Unit In-Service Train		300	50,788	0	
84.265			315	19,500	0	
	Federal Program 84.265 Total			**70,288**	**0**	
84.287	21st Century Community Learning Ctrs		350	12,291,842	11,753,723	
84.287		UW BUD# 670196	360	8	0	PT
84.287		WSU000056	365	(931)	0	PT
84.287		WSU000090	365	(24)	0	PT
	Federal Program 84.287 Total			**12,290,895**	**11,753,723**	
84.295	Ready-To-Learn Television	WSU000165	365	11,991	0	PT
	Federal Program 84.295 Total			**11,991**	**0**	
84.298	State Grants for Innovative Programs		350	4,739,662	3,931,166	
	Federal Program 84.298 Total			**4,739,662**	**3,931,166**	
84.299	Indian Education-Special Programs		380	75,415	0	
	Federal Program 84.299 Total			**75,415**	**0**	
84.315	Capacity Bldg for Tradit. Underserved Popl.		380	86,163	0	
	Federal Program 84.315 Total			**86,163**	**0**	
84.318	Education Technology State Grants		350	7,244,426	6,745,582	
	Federal Program 84.318 Total			**7,244,426**	**6,745,582**	
84.323	Special Education-State Personnel Development		350	980,339	783	

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Federal Programs Not Clustered

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 84.323 Total			**980,339**	**783**	
84.325	Specl Educ-Persnl Develop to Improve Svs & Results for Child w Disab		360	1,856,389	666,600	
	Federal Program 84.325 Total			**1,856,389**	**666,600**	
84.326	Spec Educ-Tech Assist to Improv Svs to Disabl Chil		350	193,854	193,854	
	Federal Program 84.326 Total			**193,854**	**193,854**	
84.327	Spec Educ-Technology & Media Svs for Disabl Childr		370	136,623	62,613	
	Federal Program 84.327 Total			**136,623**	**62,613**	
84.330	Advanced Placement Program		350	1,052,386	621,081	
	Federal Program 84.330 Total			**1,052,386**	**621,081**	
84.331	Grnts to States for Incarcerated Youth Offenders		699	226,348	0	
	Federal Program 84.331 Total			**226,348**	**0**	
84.332	Comprehensive School Reform Demonstration		350	3,339,340	3,154,223	
	Federal Program 84.332 Total			**3,339,340**	**3,154,223**	
84.333	Demo Projts to Ensure Stdnts w/Disablts Rec Hi Ed		360	359,366	0	
84.333			370	80,330	0	
84.333			699	257,426	0	
	Federal Program 84.333 Total			**697,122**	**0**	
84.334	Gaining Early Awarenss & Readinss for Undergrad Pr		343	2,753,058	1,617,420	
84.334			360	5,634,678	3,953,496	
84.334			365	3,184,498	187,916	
84.334			370	82,072	9,633	
84.334			375	2,628,427	1,030,850	
84.334			376	1,395,469	0	
84.334			699	18,465	0	
84.334		NLA06	699	3,610	0	PT
	Federal Program 84.334 Total			**15,700,277**	**6,799,315**	
84.335	Child Care Access Means Parents in School		360	(575)	0	
84.335			375	19,145	0	
84.335			376	27,304	0	
84.335			380	12,625	0	
84.335			699	124,950	0	

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Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 84.335 Total			**183,449**	**0**	
84.336	Teacher Quality Enhancements Grants		365	77,643	0	
	Federal Program 84.336 Total			**77,643**	**0**	
84.342	Preparing Tomorrow's Teachers to Use Technology		375	(96,168)	0	
	Federal Program 84.342 Total			**(96,168)**	**0**	
84.343	Assistive Technolgy-State Grnts for Protect & Advo		699	213,832	0	
	Federal Program 84.343 Total			**213,832**	**0**	
84.346	Voc Ed-Occupational & Employmnt Info State Grnts		354	305,266	0	
	Federal Program 84.346 Total			**305,266**	**0**	
84.350	Transition to Teaching		350	139,114	0	
	Federal Program 84.350 Total			**139,114**	**0**	
84.353	Tech-Prep Demonstration Grants		699	26,857	0	
	Federal Program 84.353 Total			**26,857**	**0**	
84.355	Child Care Provider Loan Foregiveness Demo		699	15,633	0	
	Federal Program 84.355 Total			**15,633**	**0**	
84.357	Reading First State Grants		350	16,330,090	13,932,894	
	Federal Program 84.357 Total			**16,330,090**	**13,932,894**	
84.358	Rural Education		350	820,801	774,069	
	Federal Program 84.358 Total			**820,801**	**774,069**	
84.363	School Leardership		360	338,290	0	
84.363		0702.10.061.07 MOD02	360	27,630	0	PT
	Federal Program 84.363 Total			**365,920**	**0**	
84.365	English Language Acquisition Grants		350	9,053,941	8,508,082	
	Federal Program 84.365 Total			**9,053,941**	**8,508,082**	
84.366	Mathematics and Science Partnerships		350	1,899,849	1,715,053	
84.366		04273	365	(313)	0	PT
84.366		05255	365	43,942	0	PT
84.366		05266	365	6,307	0	PT
84.366		06251	365	5,566	0	PT
84.366		536740,59,91	370	47,931	0	PT

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Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 84.366 Total			**2,003,282**	**1,715,053**	
84.367	Improving Teacher Quality Grants		343	1,630,226	294,750	
84.367			350	48,050,133	46,930,272	
84.367		05IA099	365	(12,556)	0	PT
84.367		06226	365	15,466	0	PT
84.367			699	79,316	0	
	Federal Program 84.367 Total			**49,762,585**	**47,225,022**	
84.369	Grants for State Assessments & Related Activities		350	8,008,025	0	
	Federal Program 84.369 Total			**8,008,025**	**0**	
84.938	Hurricane Education Recovery		350	1,473,000	1,458,270	
	Federal Program 84.938 Total			**1,473,000**	**1,458,270**	
84.999	Educ, UNKNOWN		360	97	0	
	Federal Program 84.999 Total			**97**	**0**	
	Dept of Education Total			**452,305,232**	**305,245,716**	

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Nat'l Archives & Records 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
89.003	Natl Hist Pub & Records Grants		085	409	0	
	Federal Program 89.003 Total			**409**	**0**	
	Nat'l Archives & Records Admin Total			**409**	**0**	

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Miscellaneous Commissions

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
90.401	Help America Vote Act Requirements Payments		085	7,181,480	4,033,479	
	Federal Program 90.401 Total			**7,181,480**	**4,033,479**	
	Miscellaneous Commissions Total			**7,181,480**	**4,033,479**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Health & Human Services Dept

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	0000258512	360	(73,869)	0	
93.000		0000600205	360	123,400	0	PT
93.000		0000605396	360	35,655	0	PT
93.000		0000606985	360	16,621	0	PT
93.000		000693	360	12,641	0	PT
93.000		005-E44-5-0014	360	70,130	0	
93.000		0254-6482-4609	360	40	0	PT
93.000		0254-6483-4609	360	(932)	0	PT
93.000		0254-6483-6483-4609	360	183,308	0	PT
93.000		025464834609	360	(16,351)	0	PT
93.000		030512	360	17,490	0	PT
93.000		04-200242-01-S0847 M1	360	12,362	0	PT
93.000		04IPA8136	360	100,108	0	
93.000		05-200931-02-S1142	360	14,017	0	PT
93.000		05-201455-01-S1318	360	18,698	0	PT
93.000		05-201461-01-S1321	360	7,347	0	PT
93.000		05-201463-01-S1324	360	48,279	0	PT
93.000		0510416903S1197P587694	360	48,379	0	PT
93.000		0520145501S1319 P1990	360	7,301	0	PT
93.000		0520146101S1322P1993	360	38,100	0	PT
93.000		0520146301S1325 P1164	360	7,296	0	PT
93.000		05T210699	360	11,212	0	
93.000		06-102736-04-S1265	360	771	0	PT
93.000		06-102906-01-S1378	360	13,662	0	PT
93.000		1 22048 00	360	346,776	0	PT
93.000		1 F32 AM 07535-01	360	140	0	
93.000		1 F32 HD 06631-01	360	1,109	0	
93.000		1 F32 HL 06328-03	360	(2,862)	0	
93.000		1 F32 MH 65804-01	360	1,079	0	
93.000		1 KO1 PS000066-01	360	153,827	15,025	
93.000		1 R01 NS045085 A04	360	27,310	0	PT
93.000		1-U01HL6901501SITE6200	360	5,558	0	PT
93.000		10221507-002	360	114,743	0	PT
93.000		10221507-003	360	449,971	0	PT
93.000		1030-10	360	12,102	0	PT
93.000		103010, AMEND # 1	360	51,129	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Health & Human Services Dept

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	107042 AM01	360	11,295	0	PT
93.000		1090087-145355, AM02	360	54,407	0	PT
93.000		110333-1	360	122,799	0	PT
93.000		112400	360	15,938	0	PT
93.000		117161	360	16,355	0	PT
93.000		13363	360	61,648	0	PT
93.000		14202 AM01/U10CA98543	360	156,968	0	PT
93.000		14625, MA# 6630	360	82,038	0	PT
93.000		16598 AMD 1	360	32,516	0	PT
93.000		185-4552 MOD05	360	(64)	0	PT
93.000		1990, RU ACCT# 4-29929	360	59,514	0	PT
93.000		1T02MC00050-01	360	8,615	0	PT
93.000		200-2002-00732	360	104,387	0	PT
93.000		200-2004-M-09062	360	6,896	0	
93.000		200-2005-10462	360	271,951	0	
93.000		200-98-7005 MOD10	360	56,654	0	
93.000		200-98-7006 MOD10	360	20	0	
93.000		2002 AM04	360	(21)	0	PT
93.000		2002-2978-486179	360	24	0	PT
93.000		2003 4001-496885, M4	360	15,946	0	PT
93.000		2003 AM03	360	(145)	0	PT
93.000		2003-03-02	360	91,071	0	PT
93.000		2003-03-02, AM A	360	115,200	0	PT
93.000		2003.0016	360	(2,225)	0	PT
93.000		2004.0007	360	36,656	0	PT
93.000		2004.0009 AM02	360	17,818	0	PT
93.000		2006.0001	360	28,302	0	PT
93.000		2006.0002	360	21,344	0	PT
93.000		2017	360	35,868	0	PT
93.000		223-03-8724,TO 1 MOD 2	360	83,323	0	
93.000		233-02-0113	360	2,682	0	
93.000		240-01-0040 AM02	360	101,286	0	
93.000		24XS088 (SO345)	360	33	0	PT
93.000		24XS111	360	140,473	0	PT
93.000		254-2004-M-07334	360	1,083	0	
93.000		263-MA-212313	360	1,687	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
93.000	HHS, Contract Number Only Provided	263-MA-214597-1	360	41,955	0	
93.000		270-03-00001 TO0001	360	37,330	0	PT
93.000		3 P30 AI 027757-17S3	360	144,022	144,019	
93.000		3055021500	360	(262)	0	
93.000		3187SC AM03	360	(46)	0	PT
93.000		35049-5S-652	360	23,472	0	PT
93.000		389702	360	(468)	0	PT
93.000		400-30-8	360	37,916	0	PT
93.000		401	360	2,336	0	PT
93.000		40100	360	4,977	0	PT
93.000		40163	360	20,814	0	PT
93.000		4055028800	360	(2,283)	0	
93.000		41094509 AM#4	360	303	0	PT
93.000		412660060101.UW MOD 3	360	137,552	0	PT
93.000		413390300201	360	47,083	0	PT
93.000		4318SC AMEND 1	360	144,529	0	PT
93.000		4431, MOD01	360	68,688	0	PT
93.000		5 F32 NS 07985-02	360	145	0	
93.000		5 F32 NS 08646-02	360	764	0	
93.000		5 R01 MH 61399-03	360	1,026	0	PT
93.000		5 R01AG17057020561UW03	360	1,260	0	PT
93.000		5 U79 HP 00003-07	360	26,487	0	
93.000		5-30474-8604 MOD01	360	5,104	0	PT
93.000		5-37164-A MOD 04	360	14,677	0	PT
93.000		5-38162	360	33,883	0	PT
93.000		5-40050-G1	360	18,950	0	PT
93.000		5-70562	360	1	0	PT
93.000		50061UW-GE	360	14,467	0	PT
93.000		521555/PO P354244	360	(9,894)	0	PT
93.000		6 U26 94 00002-04	360	55,187	0	PT
93.000		6207	360	147,640	0	PT
93.000		70011-46016-100 AMEND9	360	248,011	0	PT
93.000		7001146016100 AM05	360	2,417	0	PT
93.000		703303-01 A01	360	24,494	0	PT
93.000		8303-49867-2, MOD.#3	360	(2,385)	0	PT
93.000		862913, MOD 01	360	16,590	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Health & Human Services Dept

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	93-2900-25 MOD#13	360	38,039	0	PT
93.000		93-2906-62 MOD10	360	26,001	0	PT
93.000		98CT2052-1 AMEND A-04	360	(6,599)	0	PT
93.000		A1015-21/22	360	59,323	0	PT
93.000		A320.63U OF WASH	360	3,082	0	PT
93.000		AACTG.27.5170.02 MOD2	360	11,068	0	PT
93.000		AACTG.42.UICTU.01 MOD2	360	69,546	0	PT
93.000		AC21083/4	360	12	0	PT
93.000		AM01	360	153	0	PT
93.000		AMD31	360	20,646	0	PT
93.000		AUCD RT01 2004-04-01	360	77,685	0	PT
93.000		AUCD RT012004-04-01YR2	360	109,285	0	PT
93.000		AUCD RTOI 2004-01-05	360	55,173	0	PT
93.000		AUCD RTOI 2004-01-05A1	360	103,915	0	PT
93.000		BECKER 19111EC109 AM2B	360	684	0	PT
93.000		C000227 MOD06	360	971	0	PT
93.000		C24XS036POSS0207TO1M1	360	63,744	0	PT
93.000		CBVCT 01-2006	360	3,982	0	PT
93.000		CHMC 133 MOD03	360	(2,058)	0	PT
93.000		CHMC 133 MOD04	360	296,499	0	PT
93.000		CMS-03-00229	360	48	0	
93.000		CSI-20	360	13,831	0	PT
93.000		D33774D	360	71,368	0	PT
93.000		D34034D AMEND #3	360	98,677	0	PT
93.000		H33474	360	18,737	0	PT
93.000		HHSH230200412021P-S1	360	8,902	0	PT
93.000		HHSH230200532040C*	360	58,796	0	PT
93.000		HHSM-500-2004-00234P	360	44,985	0	
93.000		HHSN261200433010CSBIR1	360	(7,074)	0	PT
93.000		HHSN266200400068C AM 1	360	949,976	0	PT
93.000		HHSN268200448194C	360	1,460,725	0	
93.000		HHSN268200525222C	360	637,769	107,262	
93.000		HHSN268200536173C	360	81,957	0	
93.000		HHSN275200403370I	360	216,846	0	
93.000		HHSN291200555553CN01ES	360	31,014	0	PT
93.000		HHSP233200400645P	360	28,133	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
93.000	HHS, Contract Number Only Provided	HL073598	360	291,889	0	PT
93.000		HR.7659.117405.UW02	360	1,516	0	PT
93.000		HR.7659.119401UW1 MOD4	360	3,854	0	PT
93.000		HR.7659.126404UW	360	76,315	0	PT
93.000		HR.7659.320203UW01	360	74	0	PT
93.000		HR.7659.320203UW01, M2	360	75,425	0	PT
93.000		ITN10220-00SC	360	11,033	0	PT
93.000		LBEE P03156	360	78,937	0	PT
93.000		LBEE P03156 BIOCHEM	360	37,754	0	PT
93.000		M0D#5	360	21,663	0	PT
93.000		N01 AI 15431 MOD 7	360	2,398,179	0	
93.000		N01 DK 92318 AM10	360	737,182	0	
93.000		N01 HR 67118 MOD 12	360	5,399	0	
93.000		N01 HR 76118 MOD 12	360	77,242	71,710	
93.000		N01-A1-30070	360	53,439	0	PT
93.000		N01-AI-15450, MOD03	360	1,403,006	0	
93.000		N01-AI-40069	360	1,987	0	
93.000		N01-AI-40069 MOD 1	360	814,303	273,834	
93.000		N01-AI-50023	360	531,662	0	
93.000		N01-AI-95388 MOD02	360	23,099	0	
93.000		N01-AI-95388 MOD13	360	724,463	41,522	
93.000		N01-AR-1-2252	360	2	0	
93.000		N01-AR-2-2263	360	119	0	PT
93.000		N01-AR1-2252, AM04	360	8,279	(1,752)	
93.000		N01-CM-37008 (W.A. 1A)	360	4,787	0	
93.000		N01-CM-37008 WA#2 MOD3	360	21,510	0	
93.000		N01-CO-37122	360	182,357	0	
93.000		N01-CO-37122 AMEND 7	360	377,740	111,828	
93.000		N01-DE-72623 MOD13	360	423,522	0	
93.000		N01-HC-85079 MOD37	360	78,944	0	
93.000		N01-HC-95095 AM02	360	17,687	0	PT
93.000		N01-HC-95159 MOD010	360	17,874	0	
93.000		N01-HC-95169 MOD14	360	1,665,973	119,717	
93.000		N01-HC-95180	360	207,044	0	
93.000		N01-HC-95180, MOD16	360	2,903,386	2,267,789	
93.000		N01-HR-46055 MOD09	360	121,581	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
93.000	HHS, Contract Number Only Provided	N01-HR-76118 MOD17	360	29,104	0	
93.000		N01-LM-1-3516, MOD10	360	34,695	0	
93.000		N01-LM-1-3516, MOD12	360	15,175	0	
93.000		N01-LM-1-3516, MOD14	360	1,709,014	565,853	
93.000		N01-LM-4-3503 M5 & M6	360	1,217,223	21,742	
93.000		NCA80098, ACRIN 6652	360	69,342	0	PT
93.000		NIH.1213-01708-SUB	360	56,328	0	PT
93.000		NIH.1213-01708-SUB, M1	360	68,024	0	PT
93.000		NO1-ES-15478, MOD 6	360	1,602,109	0	
93.000		NO1-HC-95182 MOD07	360	1,846,014	0	PT
93.000		NO1-LM-1-3516	360	270,870	0	
93.000		NO1-LM-1-3516, MOD04	360	424,252	0	
93.000		NOI-AI-15442. MOD4	360	301,578	0	PT
93.000		NOIAI15442 MOD#3	360	(1,656)	0	PT
93.000		P808, AMEND # 3	360	2,546	0	PT
93.000		PHRI 20101-03-05	360	3,447	0	PT
93.000		PHRI 20101-03-06	360	58,662	0	PT
93.000		PN-WILM-FNIH9621.06 M2	360	(699)	0	PT
93.000		PO # 0000266219 & AM01	360	9	0	
93.000		PO # 5-73624	360	4,067	0	PT
93.000		PO #263-MD-506293	360	29,238	0	
93.000		PO 05-S232-0280	360	10,328	0	
93.000		PO 10135316-008	360	5,678	0	PT
93.000		PO 10135316-009	360	276,910	0	PT
93.000		PO 10135316-010	360	9,885	0	PT
93.000		PO 2000 G CJ110 REV05	360	1,466	0	PT
93.000		PO 2006103215	360	8,993	0	PT
93.000		PO 467-MZ-401994	360	28,943	0	
93.000		PO 5-73631	360	16,253	0	PT
93.000		PO 5-73761	360	27,947	0	PT
93.000		PO 5-73995	360	32,494	0	PT
93.000		PO# 9865846	360	(1)	0	
93.000		PO# MD515046	360	58,618	0	
93.000		PO#2055019500	360	(1,473)	0	
93.000		PO#467-MZ-402093	360	54,999	0	
93.000		PO#5-73779	360	236,813	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Health & Human Services Dept

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93.000	HHS, Contract Number Only Provided	PO57061,MOD04	360	15,954	0	PT
93.000		POSS0208TO00324XS036M1	360	72,578	0	PT
93.000		R01 EB 00734	360	4,909	0	PT
93.000		R01 HL 68553-01	360	31,258	0	PT
93.000		R01 HL68553	360	(150)	0	PT
93.000		R20981-2490005	360	32,693	0	PT
93.000		R44 CA85101	360	30,792	0	PT
93.000		REF#389701	360	115	0	PT
93.000		S1838-21/22	360	38	0	PT
93.000		S1838-21/23	360	7,972	0	PT
93.000		S1946-21/23	360	176,059	0	PT
93.000		S1956-21/23	360	239,550	0	PT
93.000		S2084-22/23	360	96,498	0	PT
93.000		S3146-23/23	360	18,756	0	PT
93.000		S3230-23/23	360	23,651	0	PT
93.000		S3447-24/24	360	95,993	0	PT
93.000		S3456-23/23	360	18,580	0	PT
93.000		S3616-24/24	360	16,742	0	PT
93.000		SA-0500268,M0D 1	360	24,309	0	PT
93.000		SA-0600299	360	13,488	0	PT
93.000		SA0400153	360	(499)	0	PT
93.000		SA05000296	360	86,420	0	PT
93.000		SA0500252	360	3,801	0	PT
93.000		SA0500253	360	3	0	PT
93.000		SA0500256	360	20,045	0	PT
93.000		SA0500260	360	499	0	PT
93.000		SA0500270	360	27,403	0	PT
93.000		SA0500300	360	31,512	0	PT
93.000		SA0500307	360	24,254	0	PT
93.000		SA0500309	360	11,693	0	PT
93.000		SA0600292	360	12,528	0	PT
93.000		SA0600310	360	94,807	0	PT
93.000		SA0600314	360	9,451	0	PT
93.000		SA0600317	360	10,086	0	PT
93.000		SA0600353	360	25,231	0	PT
93.000		SA0600356	360	87,267	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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93.000	HHS, Contract Number Only Provided	SA0600357	360	39,653	0	PT
93.000		SA0600374	360	7,122	0	PT
93.000		SA0600380	360	10,673	0	PT
93.000		SA0600393	360	1,125	0	PT
93.000		SAMHSA-SC-05-129	360	114,697	0	PT
93.000		SC-05-02054.001-02	360	57,940	0	PT
93.000		SITE 123	360	4,718	0	PT
93.000		SUBGTANT #11	360	8	0	PT
93.000		TASK ORDER 1	360	12,159	0	PT
93.000		TH-15/15-STP01-008	360	(4,191)	0	PT
93.000		TO#14625; MA6630, MOD1	360	68,598	0	PT
93.000		UOW2004-9	360	207,774	0	PT
93.000		USC H 30604 AM01	360	26,156	0	PT
93.000		UW BUD# 630089	360	13,202	0	PT
93.000		UW BUD# 630229	360	3,389	0	PT
93.000		UW BUD# 630233	360	61,397	0	PT
93.000		UW BUD# 630246	360	44,184	0	PT
93.000		UW BUD# 630322	360	7,211	0	PT
93.000		UW BUD# 630330	360	6,263	0	PT
93.000		UW BUD# 630381	360	11,242	0	PT
93.000		UW BUD# 630382	360	15,727	0	PT
93.000		UW BUD# 660125	360	30,001	0	PT
93.000		UW BUD# 660253	360	29,494	0	PT
93.000		UW BUD# 660579	360	60,284	0	PT
93.000		UW BUD# 660660	360	11,013	0	PT
93.000		UW BUD# 660729	360	24,304	0	PT
93.000		UW BUD# 660742	360	28,072	0	PT
93.000		UW BUD# 660871	360	27,556	0	PT
93.000		UW BUD# 660940	360	117,852	0	PT
93.000		UW BUD# 661070	360	8,912	0	PT
93.000		UW BUD# 661089	360	8,631	0	PT
93.000		UW BUD# 661170	360	7,225	0	PT
93.000		UW BUD# 661567	360	18,578	0	PT
93.000		UW BUD# 661583	360	51,869	0	PT
93.000		UW BUD# 661707	360	63,076	0	PT
93.000		UW BUD# 661852	360	23,662	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Health & Human Services Dept

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	UW BUD# 662443	360	69,660	0	PT
93.000		UW BUD# 663464	360	(872)	0	PT
93.000		UW BUD# 663583	360	(511)	0	PT
93.000		UW BUD# 664675	360	(26)	0	PT
93.000		UW BUD# 666035	360	(60)	0	PT
93.000		UW BUD# 666406	360	41,023	0	PT
93.000		UW BUD# 666409	360	44,375	0	PT
93.000		UW BUD# 666559	360	7,434	0	PT
93.000		UW BUD# 666580	360	94,934	0	PT
93.000		UW BUD# 666581	360	77,247	0	PT
93.000		UW BUD# 666682	360	383,402	0	PT
93.000		UW BUD# 667349	360	(193,630)	0	PT
93.000		UW BUD# 667350	360	(69,289)	0	PT
93.000		UW BUD# 667526	360	84,034	0	PT
93.000		UW BUD# 667584	360	16	0	PT
93.000		UW BUD# 667779	360	16,068	0	PT
93.000		UW BUD# 668049	360	11,707	0	PT
93.000		UW BUD# 668060	360	(1,683)	0	PT
93.000		UW BUD# 668114	360	6	0	PT
93.000		UW BUD# 668130	360	(4,562)	0	PT
93.000		UW BUD# 668266	360	8,654	0	PT
93.000		UW BUD# 668397	360	7	0	PT
93.000		UW BUD# 668747	360	819	0	PT
93.000		UW BUD# 668836	360	8,913	0	PT
93.000		UW BUD# 668861	360	54,396	0	PT
93.000		UW BUD# 668902	360	6,390	0	PT
93.000		UW BUD# 668964	360	102,327	0	PT
93.000		UW BUD# 668967	360	52,882	0	PT
93.000		UW BUD# 669061	360	12,000	0	PT
93.000		UW BUD# 669148	360	33,761	0	PT
93.000		UW BUD# 669192	360	2,892	0	PT
93.000		UW BUD# 669248	360	11,108	0	PT
93.000		UW BUD# 669347	360	13,113	0	PT
93.000		UW BUD# 669394	360	55,763	0	PT
93.000		UW BUD# 669427	360	39,770	0	PT
93.000		UW BUD# 669691	360	14,973	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
93.000	HHS, Contract Number Only Provided	UW BUD# 669822	360	156,508	0	PT
93.000		UW BUD# 669959	360	8,640	0	PT
93.000		UW BUD# 670795	360	2,780	0	PT
93.000		UW BUD# 670895	360	2,850	0	PT
93.000		UW BUD# 671158	360	34,353	0	PT
93.000		UW BUD# 671171	360	243,180	0	PT
93.000		UW BUD# 800324	360	13,270	0	PT
93.000		UW BUD# 800675	360	42,158	0	PT
93.000		UW BUD# 802490	360	(298)	0	PT
93.000		VUMC 31997-R	360	2,204	0	PT
93.000		Z157101 MOD E	360	92	0	PT
93.000		ZRG1 SSSH(01)B	360	(231,898)	0	PT
93.000		ZZ2647H AMENDMENT 12	360	352,406	0	PT
93.000		1R01ES01395801	365	217,130	0	
93.000		1S10RR02099601	365	460,561	0	
93.000		2002005M13848	365	28,846	0	
93.000		27301C0175	365	(1)	0	
93.000		2R44DA01604402	365	60,705	0	PT
93.000		3112006M15078	365	20,698	0	
93.000		532553	365	90,302	0	PT
93.000		5R21EB00195002	365	172,098	49,121	
93.000		5R21ES01386302	365	96,293	0	
93.000		GUAR24280159	365	86,989	0	
93.000		GUAR303076967	365	58,157	0	
93.000		GUAR58062007	365	86,720	0	
93.000		N01AI30055	365	928,159	0	
93.000		P0209AC	365	128,600	0	PT
93.000		RX4330006WSU	365	1,799	0	PT
93.000		WSU0001	365	10,455	0	
93.000		WSU000138	365	8,093	0	PT
93.000		WSU000181	365	77,857	0	PT
93.000		WSU000288	365	8,000	0	PT
93.000		WSU000335	365	4,277	0	PT
	Federal Program 93.000 Total			**38,200,779**	**3,787,670**	
93.003	Public Health and Social Services Emerg. Fund		303	296,131	289,662	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Health & Human Services Dept

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 93.003 Total			**296,131**	**289,662**	
93.041	Spec Pgms Aging Title VII, Cp 3		300	86,080	34,429	
	Federal Program 93.041 Total			**86,080**	**34,429**	
93.042	Spec Pgms/Aging Title VII Cp 2		300	276,146	0	
	Federal Program 93.042 Total			**276,146**	**0**	
93.043	Spec Pgms Aging Title III Pt D		300	435,131	435,129	
	Federal Program 93.043 Total			**435,131**	**435,129**	
93.048	Spec Pgms Aging Title IV & Title II Discretionary		160	143,445	0	
93.048			300	35,858	0	
	Federal Program 93.048 Total			**179,303**	**0**	
93.051	Alzheimer's Disease Demo Grnts to States		300	50,270	0	
	Federal Program 93.051 Total			**50,270**	**0**	
93.052	Nation Family Caregiver Support		300	2,864,935	2,710,409	
	Federal Program 93.052 Total			**2,864,935**	**2,710,409**	
93.063	Centers for Genomics and Public Health		360	502,540	10,253	
	Federal Program 93.063 Total			**502,540**	**10,253**	
93.104	Compre Comm Mentl Hlth Srvcs-Childn with S E D	536445,63	370	257,557	0	PT
	Federal Program 93.104 Total			**257,557**	**0**	
93.107	Model State-Supported Area Health Educ Centers		360	678,680	442,208	
	Federal Program 93.107 Total			**678,680**	**442,208**	
93.110	Maternal & Child Health		303	1,110,073	553,951	
93.110			360	2,646,480	100,591	
93.110		1920 G EB631 A03	360	19,760	0	PT
93.110		PNWILMFMCH-9971.01 M4	360	31,734	0	PT
	Federal Program 93.110 Total			**3,808,047**	**654,542**	
93.116	Tuberculosis Control Programs		303	1,424,384	772,207	
	Federal Program 93.116 Total			**1,424,384**	**772,207**	
93.127	Emerg Medical Services-Child		303	109,866	33,495	
93.127			360	232,262	31,172	

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Health & Human Services Dept

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 93.127 Total			**342,128**	**64,667**	
93.130	Primary Care Services-Resource Coord & Devlpt		303	194,623	0	
	Federal Program 93.130 Total			**194,623**	**0**	
93.134	Grants to Increase Organ Donat	1727-03 AM01	360	62,921	0	PT
	Federal Program 93.134 Total			**62,921**	**0**	
93.136	Injury Prevnt/Cntrl Rsch/St & Commnty Progs		303	1,303,556	977,761	
	Federal Program 93.136 Total			**1,303,556**	**977,761**	
93.142	NIEHS Hazrdus Waste Safty Tng	2105 G EB227 AM03	360	141,361	0	PT
93.142		2105 G EB228 AM01	360	38,924	0	PT
93.142		2105G EB227	360	(1,364)	0	PT
	Federal Program 93.142 Total			**178,921**	**0**	
93.145	AIDS Education & Trng Centers		360	2,801,228	1,049,781	
93.145		3937SC	360	113,691	0	PT
	Federal Program 93.145 Total			**2,914,919**	**1,049,781**	
93.150	Proj for Asst Trans from Homel		300	926,154	657,477	
	Federal Program 93.150 Total			**926,154**	**657,477**	
93.157	Centers of Excellence		360	404,489	12,252	
	Federal Program 93.157 Total			**404,489**	**12,252**	
93.165	Grants to States for Loan Repayment Program		343	254,629	0	
	Federal Program 93.165 Total			**254,629**	**0**	
93.178	Nursing Workforce Diversity		365	358,083	28,992	
93.178			699	178,883	0	
	Federal Program 93.178 Total			**536,966**	**28,992**	
93.189	Health Ed & Training Centers		360	202,261	174,968	
	Federal Program 93.189 Total			**202,261**	**174,968**	
93.192	Quentin N.Burdick Progs for Rural Interdisciplinary Trng		360	299,469	4,887	
	Federal Program 93.192 Total			**299,469**	**4,887**	
93.204	Surveillance of Hazardous Substance Emerg Events		303	82,504	0	
	Federal Program 93.204 Total			**82,504**	**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
93.217	Family Planning - Services		303	4,291,550	3,661,283	
	Federal Program 93.217 Total			**4,291,550**	**3,661,283**	
93.224	Consolidated Health Centers (Community Health Centers)	D32933D, AM01	360	(6)	0	PT
93.224		D34155D	360	(17)	0	PT
93.224		D35108D	360	58,635	0	PT
	Federal Program 93.224 Total			**58,612**	**0**	
93.234	Traumatic Brain Injury-State Demo Grnt Prgm		300	136,128	0	
	Federal Program 93.234 Total			**136,128**	**0**	
93.235	Abstinence Education Program		303	719,825	634,447	
	Federal Program 93.235 Total			**719,825**	**634,447**	
93.238	Coop Agreemnts for State Treatment Outcomes		300	14,571	0	
	Federal Program 93.238 Total			**14,571**	**0**	
93.239	Policy Research & Evaluation Grnts		360	145,263	0	
	Federal Program 93.239 Total			**145,263**	**0**	
93.240	State Capacity Building		303	574,196	54	
	Federal Program 93.240 Total			**574,196**	**54**	
93.241	State Rural Hospital Flexibility Program		303	505,192	354,197	
	Federal Program 93.241 Total			**505,192**	**354,197**	
93.243	Subst Abse & Mentl Hlth Svs-Regl & Natl Sgnificnce		300	1,983,016	0	
	Federal Program 93.243 Total			**1,983,016**	**0**	
93.247	Advanced Educ Nursing Grant Program		360	2,022,883	29,973	
	Federal Program 93.247 Total			**2,022,883**	**29,973**	
93.249	Public Hlth Training Centers Grant Program		360	483,805	203,534	
93.249		S01755, MOD04	360	(5)	0	PT
	Federal Program 93.249 Total			**483,800**	**203,534**	
93.251	Universal Newborn Hearing Screen		303	230,675	157,527	
	Federal Program 93.251 Total			**230,675**	**157,527**	
93.252	Healthy Communities Access Program	D34353D	360	10,396	0	PT
	Federal Program 93.252 Total			**10,396**	**0**	

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Health & Human Services Dept

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.256	St Planng Grant_Hlth Care Access for the Uninsured		105	251,635	0	
	Federal Program 93.256 Total			**251,635**	**0**	
93.259	Rural Access to Emergency Devices Grant		303	188,721	182,727	
	Federal Program 93.259 Total			**188,721**	**182,727**	
93.263	Occupatnl Safety/Health Tng		360	70,852	0	
	Federal Program 93.263 Total			**70,852**	**0**	
93.264	Nurse Faculty Loan Program (NFLP)		360	16,879	0	
93.264			360	189,693	0	OL
	Federal Program 93.264 Total			**206,572**	**0**	
93.266	Rapid Expansion of Antirevitrovial Therapy/AIDS		360	17,353,694	5,368,236	
	Federal Program 93.266 Total			**17,353,694**	**5,368,236**	
93.268	Immunization Grants		303	7,374,277	4,175,312	
93.268			303	31,604,846	0	NC
	Federal Program 93.268 Total			**38,979,123**	**4,175,312**	
93.275	Substnce Abuse & Mentl Hlth Svs-Access to Recvry		300	6,928,301	12,159,027	
	Federal Program 93.275 Total			**6,928,301**	**12,159,027**	
93.283	Ctrs - Disease Cntrl- Inv & T A		235	134,700	0	
93.283			303	33,465,847	20,663,571	
93.283			360	3,134,401	128,579	
93.283		03-815, P.O.#22570J	360	(7,354)	0	PT
93.283		04-0916, AM01	360	(10,978)	0	PT
93.283		05-1040, PO#41801	360	149,614	0	PT
93.283		066388	360	61,385	0	PT
93.283		414230010101. UW	360	50,864	0	PT
93.283		D3295-23/23	360	1	0	PT
93.283		D34121D, AM03	360	40,726	0	PT
93.283		D34198D	360	(60)	0	PT
93.283		D34949D	360	(11,086)	0	PT
93.283		D35097D AMD#1	360	59,496	0	PT
93.283		D36249D	360	15,253	0	PT
93.283		FY03. 051. 007	360	(4,413)	0	PT
93.283		FY05.253.003, AMEND 1	360	427,407	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	Ctrs - Disease Cntrl- Inv & T A	HR.7659.110405UW01	360	6,164	0	PT
93.283		HR.7659.110405UW03	360	290,529	0	PT
93.283		HR76591110405UW02	360	13,443	0	PT
93.283		MM-0625-04/04	360	163,015	0	PT
93.283		U48/CCU919219-04-3	360	279	0	PT
93.283		U48/CCU919219-04-4	360	204,902	0	PT
93.283		200520	365	3,345	0	PT
93.283		20063	365	13,741	0	PT
	Federal Program 93.283 Total			**38,201,221**	**20,792,150**	
93.300	National Center for Health Workforce Analysis		360	218,586	0	
	Federal Program 93.300 Total			**218,586**	**0**	
93.301	Small Rural Hospital Improvement Grant Program		303	495,673	481,391	
	Federal Program 93.301 Total			**495,673**	**481,391**	
93.307	Minority Health & Health Disparities Research		360	460,614	65,153	
93.307		UW BUD# 662059	360	24,520	0	PT
	Federal Program 93.307 Total			**485,134**	**65,153**	
93.358	Advanced Educ Nursing Traineeships		360	149,536	0	
93.358			365	48,953	0	
	Federal Program 93.358 Total			**198,489**	**0**	
93.359	Nurse Education, Practice & Retention Grants		360	882,330	0	
93.359			365	522,247	0	
	Federal Program 93.359 Total			**1,404,577**	**0**	
93.389	Research Infrastructure		360	28,398,251	2,476,340	
93.389		113005/0000905	360	6,601	0	PT
93.389		15024040-469-A	360	63,543	0	PT
93.389		15024040-469-A,AM1	360	14,195	0	PT
93.389		413450050201.UW	360	761	0	PT
93.389		F180-06-436274	360	10,908	0	PT
93.389		G00205Z3532 MOD01	360	12,813	0	PT
93.389		P389885 MOD01	360	45,002	0	PT
93.389		P391510	360	308,171	0	PT
93.389		UW BUD# 631687	360	39,275	0	PT
93.389			365	58,507	7	

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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
	Federal Program 93.389 Total			**28,958,027**	**2,476,347**	
93.556	Promoting Safe & Stable Families		300	5,946,279	0	
	Federal Program 93.556 Total			**5,946,279**	**0**	
93.558	Temp Assistance for Needy Families		300	234,316,666	0	
93.558		Local Contract	540	3,000	0	PT
	Federal Program 93.558 Total			**234,319,666**	**0**	
93.561	Job Opps and Basic Skills Tng		300	665,171	0	
	Federal Program 93.561 Total			**665,171**	**0**	
93.563	Child Support Enforcement		300	69,518,104	25,017,445	
	Federal Program 93.563 Total			**69,518,104**	**25,017,445**	
93.566	Refugee and Entrant Assistance		300	12,296,872	0	
	Federal Program 93.566 Total			**12,296,872**	**0**	
93.568	Low-Income Home Energy Asst		103	38,979,717	0	
	Federal Program 93.568 Total			**38,979,717**	**0**	
93.569	Community Services Block Grant		103	7,074,708	0	
	Federal Program 93.569 Total			**7,074,708**	**0**	
93.570	Community Servs Blk Grnt-Discretionary Awards	NYSPF02282	365	(2,595)	0	PT
93.570		NYSPF03282	365	(2,262)	0	PT
93.570		NYSPF041187	365	(2,886)	0	PT
93.570		NYSPF057795	365	51,095	0	PT
	Federal Program 93.570 Total			**43,352**	**0**	
93.571	Comm Svcs Blk Grnt Formula & Discretionary Awards		103	78,081	0	
	Federal Program 93.571 Total			**78,081**	**0**	
93.576	Refugee & Entrant Assist-Discret Grnts		300	493,855	376,425	
93.576			350	306,272	291,270	
	Federal Program 93.576 Total			**800,127**	**667,695**	
93.579	U.S. Repatriation Program		300	990	0	
	Federal Program 93.579 Total			**990**	**0**	
93.584	Refugee & Entrant Asst-Targeted Asst		300	1,829,641	0	

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	Federal Program 93.584 Total			**1,829,641**	**0**	
93.586	State Court Improvement Prog		055	150,652	0	
	Federal Program 93.586 Total			**150,652**	**0**	
93.590	Community-Based Child Abuse Prevention Grnts		300	412,738	412,742	
93.590		111-4M05	699	24,468	0	PT
	Federal Program 93.590 Total			**437,206**	**412,742**	
93.597	Grnts to States for Access & Visitation Progs		300	127,073	0	
	Federal Program 93.597 Total			**127,073**	**0**	
93.599	Chafee Educ and Training Vouchers Program		300	884,449	707,846	
	Federal Program 93.599 Total			**884,449**	**707,846**	
93.600	Head Start		300	183,312	0	
93.600			360	737,570	95,898	
93.600			365	221,735	0	
93.600		WSU000303	365	3,863	0	PT
93.600		WSU000304	365	10,371	0	PT
93.600			370	1,778,993	29,177	
93.600			699	19,706,553	0	
93.600		10CH010421	699	147,680	0	PT
93.600		1T,22,24,25	699	158,569	0	PT
93.600		34402171935440	699	98,030	0	PT
	Federal Program 93.600 Total			**23,046,676**	**125,075**	
93.603	Adoption Incentive Payments		300	460,981	0	
	Federal Program 93.603 Total			**460,981**	**0**	
93.617	VotingAccess for Individuals w/ Disabilities-Sts/L		085	178,910	178,910	
	Federal Program 93.617 Total			**178,910**	**178,910**	
93.630	Devlp Disabilities-Basic		103	1,218,074	0	
	Federal Program 93.630 Total			**1,218,074**	**0**	
93.632	Univ Ctrs f/ Excelln in Develpmtl Disablts Educ, R		360	496,696	0	
	Federal Program 93.632 Total			**496,696**	**0**	
93.643	Childrens Justice Grants-State		300	344,678	0	

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	Federal Program 93.643 Total			**344,678**	**0**	
93.645	Child Welfare Services - State		300	5,506,149	0	
	Federal Program 93.645 Total			**5,506,149**	**0**	
93.648	Child Welfare Services Tng		360	67,974	0	
	Federal Program 93.648 Total			**67,974**	**0**	
93.658	Foster Care - Title IV-E		300	79,871,884	0	
93.658		536691-4,96	370	336,228	0	PT
93.658		536771-4,76	370	1,406,383	0	PT
	Federal Program 93.658 Total			**81,614,495**	**0**	
93.659	Adoption Assistance		300	32,672,202	0	
	Federal Program 93.659 Total			**32,672,202**	**0**	
93.667	Social Services Block Grant		300	43,872,173	0	
	Federal Program 93.667 Total			**43,872,173**	**0**	
93.669	Child Abuse & Neglect St Grnts		300	927,587	0	
	Federal Program 93.669 Total			**927,587**	**0**	
93.670	Chld Abse & Neglt Discret Actv		300	235,528	0	
93.670			360	552,212	354,706	
	Federal Program 93.670 Total			**787,740**	**354,706**	
93.671	Family Violence Prevnt & Svcs-Grnts to Sts & Ind T		300	1,754,934	1,674,437	
	Federal Program 93.671 Total			**1,754,934**	**1,674,437**	
93.674	Chafee Foster Care Independence Program		300	1,528,365	1,603,310	
	Federal Program 93.674 Total			**1,528,365**	**1,603,310**	
93.767	State Children's Insurance Program		300	20,097,309	0	
	Federal Program 93.767 Total			**20,097,309**	**0**	
93.768	Mdcaid Infrstrctr, Suprt Cmpetive Emplyt, Disabld		300	344,870	0	
	Federal Program 93.768 Total			**344,870**	**0**	
93.822	Health Careers Opportunity Pgm		360	546,856	234,725	
93.822			365	26,474	0	
	Federal Program 93.822 Total			**573,330**	**234,725**	

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

Health & Human Services Dept

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.824	Basic/ Core Area Health Education Centers		360	(74,249)	0	
93.824		UW BUD# 630386	360	20,426	0	PT
	Federal Program 93.824 Total			**(53,823)**	**0**	
93.879	Medical Library Assistance		360	1,437,899	5,019	
	Federal Program 93.879 Total			**1,437,899**	**5,019**	
93.884	Grants for Training in Primary Care Medicine & Dentistry		360	1,348,245	36,158	
93.884		Z705343	360	2,324	0	PT
	Federal Program 93.884 Total			**1,350,569**	**36,158**	
93.887	Health Care and Other Facilities		360	2,667,989	0	
	Federal Program 93.887 Total			**2,667,989**	**0**	
93.888	Specially Selected Health Projects		360	249,169	230,704	
	Federal Program 93.888 Total			**249,169**	**230,704**	
93.889	National Bioterrorism Hospital Preparedness Program		303	10,719,415	9,112,472	
	Federal Program 93.889 Total			**10,719,415**	**9,112,472**	
93.912	Rural Hlth Care Services Outreach-Rural HealthNetwork Devlpmnt Prog		360	(140)	(140)	
	Federal Program 93.912 Total			**(140)**	**(140)**	
93.913	Oper of Rural Health Offices		303	174,469	19,443	
	Federal Program 93.913 Total			**174,469**	**19,443**	
93.917	HIV Care Formula Grants		303	11,000,564	9,793,136	
	Federal Program 93.917 Total			**11,000,564**	**9,793,136**	
93.928	Spec Projs of Nat Significance		360	725,991	148,291	
	Federal Program 93.928 Total			**725,991**	**148,291**	
93.931	Demo Grnts to States for Comm Scholarshps		360	523,332	172,513	
93.931		0000612893	360	3,163	0	PT
93.931		05-201390-01-S1249	360	59,090	0	PT
	Federal Program 93.931 Total			**585,585**	**172,513**	
93.938	Coop Agmts Spt Schl Hlth AIDS		350	547,668	27,625	
	Federal Program 93.938 Total			**547,668**	**27,625**	
93.940	HIV Prevention Activities		303	3,484,446	2,393,366	

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

Health & Human Services Dept

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 93.940 Total			**3,484,446**	**2,393,366**	
93.941	HIV Demo,Rsch,Public & Professnl Educ Prjts		360	981,953	480,324	
	Federal Program 93.941 Total			**981,953**	**480,324**	
93.944	HIV/AIDS Surveillance		303	2,511,044	1,806,942	
93.944		D35226D	360	5,002	0	PT
93.944		D35338D	360	14,079	0	PT
	Federal Program 93.944 Total			**2,530,125**	**1,806,942**	
93.945	Assist Progs for Chronic Disease Prevntn & Control		303	893,787	402,239	
93.945		41334.009.01.01-UW02	360	22,687	0	PT
93.945		41334.009.01.01.UW01	360	16,206	0	PT
93.945		D34308D	360	3,555	0	PT
93.945		D35649D;AMD1	360	1,523	0	PT
93.945		WFUHS 11246	360	238,640	0	PT
	Federal Program 93.945 Total			**1,176,398**	**402,239**	
93.952	Trauma Care Systems Planning & Development		303	40,727	0	
93.952			360	129,355	0	
	Federal Program 93.952 Total			**170,082**	**0**	
93.958	Blk Grts Comm Mental Hlth Svcs		300	8,289,626	6,242,806	
	Federal Program 93.958 Total			**8,289,626**	**6,242,806**	
93.959	Block Grant Substance Abuse		300	41,197,889	12,513,310	
93.959		D35082D	360	3,724	0	PT
93.959		200510008	365	16,468	0	PT
	Federal Program 93.959 Total			**41,218,081**	**12,513,310**	
93.962	Health Administration Traineeships Program		365	13,950	0	
	Federal Program 93.962 Total			**13,950**	**0**	
93.964	Public Health Traineeships		360	43,281	0	
	Federal Program 93.964 Total			**43,281**	**0**	
93.969	Geriatric Education Centers		360	213,265	0	
	Federal Program 93.969 Total			**213,265**	**0**	
93.977	PHS-Sex Transmitted Disease		303	3,571,882	2,032,495	

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

Health & Human Services Dept

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 93.977 Total			**3,571,882**	**2,032,495**	
93.988	Coop Agree- Diabetes Control		303	1,061,118	346,076	
	Federal Program 93.988 Total			**1,061,118**	**346,076**	
93.989	Senior International Fellowshi		360	3,003,068	161,476	
	Federal Program 93.989 Total			**3,003,068**	**161,476**	
93.991	Preventive Health Services Grt		303	1,060,062	768,541	
	Federal Program 93.991 Total			**1,060,062**	**768,541**	
93.994	Maternal & Child Health Blk Gt		303	9,514,415	7,715,607	
	Federal Program 93.994 Total			**9,514,415**	**7,715,607**	
93.996	Bioterrorism Trng & Curriculum Development Program		360	244,274	9,720	
	Federal Program 93.996 Total			**244,274**	**9,720**	
93.999	HHS, UNKNOWN		300	70,475	0	
93.999			360	106,776	0	
	Federal Program 93.999 Total			**177,251**	**0**	
	Health & Human Services Dept Total			**896,684,098**	**148,243,666**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Corp for National & Comm Serv

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
94.002	Retired & Senior Volunteer Program		375	79,444	0	
94.002			699	59,393	0	
	Federal Program 94.002 Total			**138,837**	**0**	
94.003	State Commissions		105	236,316	0	
	Federal Program 94.003 Total			**236,316**	**0**	
94.004	Learn & Serve-School & Comm		350	757,531	515,107	
	Federal Program 94.004 Total			**757,531**	**515,107**	
94.005	Learn & Serve-Higher Ed	ENTER BB PROJ #990101	360	68,769	0	PT
	Federal Program 94.005 Total			**68,769**	**0**	
94.006	AmeriCorps		105	11,009,429	2,914,186	
94.006		ENTER BB PROJ #480100	360	32,267	0	PT
94.006		UW BUD# 671223	360	43,046	0	PT
94.006			376	158,316	0	
94.006			699	180,719	0	
	Federal Program 94.006 Total			**11,423,777**	**2,914,186**	
94.007	Plan & Prog Dev Grnts		105	14,962	0	
94.007			380	199,381	0	
94.007		111-4693	699	5,894	0	PT
	Federal Program 94.007 Total			**220,237**	**0**	
94.009	Training & Tech Assist		105	79,578	0	
	Federal Program 94.009 Total			**79,578**	**0**	
94.013	VISTA		540	1,373,632	0	
	Federal Program 94.013 Total			**1,373,632**	**0**	
	Corp for National & Comm Serv Total			**14,298,677**	**3,429,293**	

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

Social Security Administration

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
96.008	Social Security-Wrk Incntivs Plann/Asst Prgm		540	194,007	0	
	Federal Program 96.008 Total			**194,007**	**0**	
	Social Security Administration Total			**194,007**	**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

Homeland Security

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
97.000	HS, Contract Number Only Provided	22177	360	119,682	0	PT
97.000		NBCHC040146 AM 02	360	57,710	0	PT
97.000		NBCHC050041	360	101,947	0	PT
97.000		UW BUD# 668919	360	11,250	0	PT
97.000		UW BUD# 668920	360	(472)	0	PT
97.000		GUAR24520725	365	42,940	0	PT
97.000		HSHQDC05C0004UF	365	124,591	0	PT
	Federal Program 97.000 Total			**457,648**	**0**	
97.008	Urban Areas Security Initative		245	17,024,993	17,024,993	
97.008			405	1,265,890	0	
	Federal Program 97.008 Total			**18,290,883**	**17,024,993**	
97.012	Boating Safety Financial Assistance		465	848,950	0	
	Federal Program 97.012 Total			**848,950**	**0**	
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants		245	1,699,409	1,689,549	
	Federal Program 97.017 Total			**1,699,409**	**1,689,549**	
97.020	Hazardous Materials Training Program (SARA)		245	13,024	13,024	
	Federal Program 97.020 Total			**13,024**	**13,024**	
97.021	Hazardous Materials Assistance Program		245	5,000	0	
	Federal Program 97.021 Total			**5,000**	**0**	
97.023	Community Asst Prog - St Spprt Svs Element		461	79,407	0	
	Federal Program 97.023 Total			**79,407**	**0**	
97.029	Flood Mitigation Assistance		245	40,643	40,643	
	Federal Program 97.029 Total			**40,643**	**40,643**	
97.032	Crisis Counseling		300	8,889	0	
	Federal Program 97.032 Total			**8,889**	**0**	
97.036	Disaster Grants - Public Assistance		245	8,465,131	7,695,655	
97.036		1361	376	18,006	0	PT
97.036			405	44,205	0	
	Federal Program 97.036 Total			**8,527,342**	**7,695,655**	
97.039	Hazard Mitigation Grant (HMGP)		245	2,532,490	2,491,215	

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

Homeland Security

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
	Federal Program 97.039 Total			**2,532,490**	**2,491,215**	
97.040	Chemical Stockpile Emrgcy Prepardedness Program		245	5,747,968	3,372,288	
	Federal Program 97.040 Total			**5,747,968**	**3,372,288**	
97.041	National Dam Safety Program		461	47,768	0	
	Federal Program 97.041 Total			**47,768**	**0**	
97.042	Emergency Mgt Performance Grants (EMPG)		245	6,654,682	4,861,324	
	Federal Program 97.042 Total			**6,654,682**	**4,861,324**	
97.043	State Fire Trng Systems Grnts (Natl Fire Acadmy)		225	30,499	0	
	Federal Program 97.043 Total			**30,499**	**0**	
97.045	Cooperating Technical Partners		461	594,221	0	
	Federal Program 97.045 Total			**594,221**	**0**	
97.046	Fire Management Assistance Grant		245	1,397,272	1,397,272	
	Federal Program 97.046 Total			**1,397,272**	**1,397,272**	
97.053	Citizens Corps		105	(83)	0	
97.053			245	552,090	552,090	
	Federal Program 97.053 Total			**552,007**	**552,090**	
97.056	Port Security Grant Program		225	26,607	0	
97.056			405	4,206,465	0	
	Federal Program 97.056 Total			**4,233,072**	**0**	
97.063	Pre-Disaster Mitigation Disaster Resistent Univrs		245	48,825	48,825	
	Federal Program 97.063 Total			**48,825**	**48,825**	
97.068	Competitive Training Grants		699	154,396	0	
	Federal Program 97.068 Total			**154,396**	**0**	
97.070	Map Modernization Management Support		461	97,603	0	
	Federal Program 97.070 Total			**97,603**	**0**	
97.074	Law Enforcement Terrorism Prevention Program (LETPP)		245	7,558,870	7,558,870	
	Federal Program 97.074 Total			**7,558,870**	**7,558,870**	
97.078	Buffer Zone Protection (BZP)		245	792,742	792,742	
	Federal Program 97.078 Total			**792,742**	**792,742**	

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

Homeland Security Total	**60,413,610**	**47,538,490**

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Federal Programs Not Clustered

U.S. Agency for International Development

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
98.001	USAID Foreign Asst for Programs Overseas	WSU000237	365	216,992	0	PT
98.001		97-005900	699	53,293	0	PT
	Federal Program 98.001 Total			**270,285**	**0**	
98.002	Cooperative Development Program (CDP)	19276425678	365	4,237	0	PT
98.002		9040023	365	130,390	0	PT
98.002		99475582152095170	365	11,888	0	PT
98.002		J0966AH	365	82,255	0	PT
	Federal Program 98.002 Total			**228,770**	**0**	
98.012	USAID Delvelpmnt Partnships for Univ Coop & Develpmnt	WSU000185	365	29,144	0	PT
	Federal Program 98.012 Total			**29,144**	**0**	
	U.S. Agency for International Development Total			**528,199**	**0**	

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Federal Programs Not Clustered

Undetermined Fed Agency

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
99.000	Unk Fed Agy, Contract Number Only Provided	2003-05, AM02	360	49,117	0	PT
99.000		2003-05, AM03	360	116,370	0	PT
99.000		2005-BJ-CX-K016	360	28,188	0	
99.000		3936SC	360	33,968	0	PT
99.000		400054-1	360	66,640	0	PT
99.000		4400069070	360	3,858	0	PT
99.000		C44009L	360	218,983	0	PT
99.000		G275-05-W0094	360	4,871	0	PT
99.000		HM1582-05-C-0004	360	103,802	0	
99.000		LG-02-02-0082-02	360	24,229	26,605	
99.000		LG-30-03-0209-03	360	112,120	0	
99.000		ML-01-03-0373-03	360	42,654	0	
99.000		NRO-508	360	16	0	PT
99.000		NROOOO-01-C-0200, P12	360	257,964	0	
99.000		P.O. P15360A	360	23,899	0	PT
99.000		TAJ9W88030002CA9088A08	360	147	0	
99.000		UW BUD# 660365	360	45,397	0	PT
99.000		UW BUD# 666312	360	1,721	0	PT
99.000		UW BUD# 669399	360	(16,111)	0	PT
99.000		UW BUD# 670286	360	(548)	0	PT
99.000		UW BUD# 670896	360	(62,997)	0	PT
99.000		UW BUD# 800527	360	2,843	0	PT
99.000		UW BUD# 800667	360	2,705	0	PT
99.000		UW BUD# 999995	360	(7,864)	0	PT
99.000		C005025	461	87,751	0	PT
99.000		C006035	461	174,351	0	PT
	Federal Program 99.000 Total			**1,314,074**	**26,605**	
99.999	Miscellaneous, UNKNOWN	None	370	25,698	0	PT
	Federal Program 99.999 Total			**25,698**	**0**	
	Undetermined Fed Agency Total			**1,339,772**	**26,605**	
Federal Programs Not Clustered Total				**2,836,317,988**	**682,841,941**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Research and Development

Nat'l Endowment for the Humanities

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
06.161	Promotion of the Humanities-Research		360	59,425	0	
	Federal Program 06.161 Total			**59,425**	**0**	
	National Endowment for the Humanities Total			**59,425**	**0**	
	Nat'l Endowment for the Humanities Total			**59,425**	**0**	

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Research and Development

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.001	Agricultural Research - Basic and Applied		360	1,247,968	36,346	
10.001			365	2,011,452	20,477	
10.001		01727802	365	5,152	0	PT
10.001		389916627	365	14,538	0	PT
10.001		4856	365	32	0	PT
10.001		5080	365	19,233	0	PT
10.001		8386	365	16,330	0	PT
	Federal Program 10.001 Total			**3,314,705**	**56,823**	
	Agricultural Research Service Total			**3,314,705**	**56,823**	
10.200	Grts - Agri Research - Special		360	298,237	143,555	
10.200			365	3,460,072	1,132,762	
10.200		03002024B00	365	8,243	0	PT
10.200		041535008	365	55,490	0	PT
10.200		05037ETX	365	3,005	0	PT
10.200		60004896	365	1,557	0	PT
10.200		BAK300WSU	365	516	0	PT
10.200		BAK462WSU	365	113,442	0	PT
10.200		BAK62903	365	11,288	0	PT
10.200		BAK63002	365	41,981	0	PT
10.200		BAK631WSU	365	138,998	0	PT
10.200		BAK79202	365	(4)	0	PT
10.200		BJK78202	365	(1,995)	0	PT
10.200		BJKD96	365	193,016	0	PT
10.200		C025913	365	186	0	PT
10.200		C0263AA	365	(16)	0	PT
10.200		C0277AA	365	2,752	0	PT
10.200		C0277JA	365	(1,237)	0	PT
10.200		C0298AA	365	4,512	0	PT
10.200		C0298FA	365	(15)	0	PT
10.200		C0299AI	365	82,217	0	PT
10.200		C0299AJ	365	4,340	0	PT
10.200		C0299AK	365	67,219	0	PT
10.200		C031553	365	90,462	0	PT
10.200		C031569	365	28,839	0	PT
10.200		C031570	365	2,552	0	PT

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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
10.200	Grts - Agri Research - Special	C031712	365	31,480	0	PT
10.200		C031713	365	31,823	0	PT
10.200		C031738	365	35,849	0	PT
10.200		C0318AA	365	95,277	0	PT
10.200		C0318EA	365	4,005	0	PT
10.200		C0318FA	365	2,000	0	PT
10.200		CO278AF	365	69	0	PT
10.200		G08805W0198	365	2,250	0	PT
10.200		G14081	365	41,042	0	PT
10.200		G15071	365	80,156	0	PT
10.200		GPK260A	365	92,625	0	PT
10.200		GPK643	365	20,428	0	PT
10.200		GPK774B	365	136,524	0	PT
10.200		II015583	365	1,152	0	PT
10.200		P622720	365	815	0	PT
10.200		SA6890	365	7,519	0	PT
10.200		SA7069	365	40,876	0	PT
10.200		UAF050087	365	131,879	0	PT
10.200		UAF05099	365	1,831	0	PT
10.200		WSU000131	365	11,998	0	PT
10.200		WSU000228	365	5,094	0	PT
10.200		443G450	375	9,470	0	PT
10.200		832G742	375	155,293	0	PT
	Federal Program 10.200 Total			**5,545,112**	**1,276,317**	
10.202	Cooperative Forestry Research		365	450,154	0	
	Federal Program 10.202 Total			**450,154**	**0**	
10.203	Paymnts to Agric Exper Stations under Hatch Act		365	3,755,507	0	
	Federal Program 10.203 Total			**3,755,507**	**0**	
10.206	Agri Research- Competitive Res		360	721,947	125,060	
10.206			365	2,156,074	149,080	
10.206		2004157807	365	9,433	0	PT
10.206		2562220217002	365	144,390	0	PT
10.206		C0307AA	365	17,275	0	PT
10.206		IIRR012530WSU	365	17,129	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
10.206	Agri Research- Competitive Res	K01661814	365	4,353	0	PT
10.206		Q6736000501	365	33,817	0	PT
	Federal Program 10.206 Total			**3,104,418**	**274,140**	
10.207	Animal Health & Disease Resch		365	142,827	0	
	Federal Program 10.207 Total			**142,827**	**0**	
10.212	Small Bus Innovation Resch	WSU000300	365	8,883	0	PT
	Federal Program 10.212 Total			**8,883**	**0**	
10.219	Biotech Risk Assess Rsch		365	9,763	0	
	Federal Program 10.219 Total			**9,763**	**0**	
	Coop.State Resch, Educ & Exten Serv Total			**13,016,664**	**1,550,457**	
10.652	Forestry Research (B)		360	3,450,690	175,908	
10.652			365	191,987	0	
10.652		OSUAB562030	365	3,266	0	PT
10.652			380	47,251	0	
	Federal Program 10.652 Total			**3,693,194**	**175,908**	
	Forest Service Total			**3,693,194**	**175,908**	
10.961	Scientific Cooperation & Research		360	4,070	2,650	
10.961			365	4,161	0	
	Federal Program 10.961 Total			**8,231**	**2,650**	
	Foreign Agricultural Service Total			**8,231**	**2,650**	
	Dept of Agriculture Total			**20,032,794**	**1,785,838**	

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
11.420	Coastal Zone Mgmt Estuarine Rs		380	12,399	0	
11.420			461	1,871,632	0	
	Federal Program 11.420 Total			**1,884,031**	**0**	
11.426	Fin Asst for Natl Ctrs for Coastl Ocean		360	108,143	0	
	Federal Program 11.426 Total			**108,143**	**0**	
11.427	Fisheries Devepmnt & UtilIzatn		360	97,520	11,260	
11.427		05-98	477	34,117	0	PT
	Federal Program 11.427 Total			**131,637**	**11,260**	
11.430	Undersea Research	UAF03-0107/PO#FP400728	360	(35)	0	PT
11.430		UAF050142	365	24,137	0	PT
11.430		PO#FP504794	380	30,852	0	PT
	Federal Program 11.430 Total			**54,954**	**0**	
11.431	Climate & Atmospheric Research		360	309,277	0	
	Federal Program 11.431 Total			**309,277**	**0**	
11.432	Off of Oceanic & Atmsphric Resch-JointCoop Instits		360	15,532,802	129,240	
	Federal Program 11.432 Total			**15,532,802**	**129,240**	
11.440	Environmntl Sciences, Applications, Data and Educ		360	18,913	0	
	Federal Program 11.440 Total			**18,913**	**0**	
11.455	Coop Science & Education Pgm		360	408,856	0	
	Federal Program 11.455 Total			**408,856**	**0**	
	Natl Oceanic &Atmospheric Admin (NOAA) Total			**18,448,613**	**140,500**	
11.609	Measuremt & Engineering Resch		360	74,040	0	
	Federal Program 11.609 Total			**74,040**	**0**	
	Natl Institute of Standards & Technology Total			**74,040**	**0**	
	Dept of Commerce Total			**18,522,653**	**140,500**	

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

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	AM08	360	15,420	0	
12.000		AM09	360	40,748	0	
12.000		DAAD13-03-C-0024	360	43,465	0	
12.000		DAAD13-03-C-0024, P05	360	35,088	0	
12.000		DAAD19-01-1-0499 MODP8	360	867,941	23,581	
12.000		DAAD19-01-1-0679	360	(44)	0	
12.000		DAAD19-03-2-0031 MOP2	360	40,684	0	
12.000		DACA 72-02-C-0040MODP7	360	344,182	205,322	
12.000		DAMD17-01-1-0824	360	72	0	
12.000		DAMD17-02-1-0615 MODP2	360	16,679	0	
12.000		DAMD17-03-1-0033 P2	360	168,293	0	
12.000		DAMD17-03-1-0039	360	47,928	0	
12.000		DAMD17-03-1-0051, P1	360	135,178	0	
12.000		DAMD17-03-1-0203	360	370,826	0	
12.000		DAMD17-03-1-0497	360	181,814	0	
12.000		DAMD17-03-1-0580	360	185,145	0	
12.000		DAMD17-03-1-0645 P0001	360	33,695	0	
12.000		DAMD17-03-P-1298 & MP2	360	14,866	0	
12.000		DAMD170310045POW23RYX2	360	204,811	0	
12.000		F33615-99-C-3612 MODP9	360	2,944	1,630	
12.000		F49620-00-1-0060 MODP3	360	(953)	0	
12.000		F49620-02-1-0028 MODP4	360	10,157	0	
12.000		F49620-02-1-0129 MODP2	360	(114)	0	
12.000		F49620-03-1-0162 P2	360	158,983	0	
12.000		FA2521-04-C-0026, P3	360	47,715	0	
12.000		FA8750-04-C-0239 MODP2	360	61,777	0	
12.000		FA9451-04-M-0390, AM03	360	535	0	
12.000		FA9451-04-M-0390, AM04	360	27,877	0	
12.000		FA9550-05-1-0159MODP21	360	132,569	0	
12.000		FA9550-05-1-0196 MODP1	360	84,168	0	
12.000		FA9550-05-1-0467	360	86,847	0	
12.000		FA9550-06-1-0042	360	58,386	0	
12.000		H98230-05-1-0132	360	109,303	0	
12.000		H98230-05-C-0442 AM 1	360	39,401	0	
12.000		HM1582-05-C-0037	360	37,850	0	
12.000		HR0011-05-1-0016 MODA1	360	326,787	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

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12.000	DOD, Contract Number Only Provided	MDA904-02-C-0446 MODP2	360	(2,693)	0	
12.000		N00014-01-G-0460/0001	360	374,987	80,211	
12.000		N00014-01-G-0460/0005	360	83,362	0	
12.000		N00014-01-G-0460/0009	360	47	0	
12.000		N00014-01-G-0460/0011	360	8	0	
12.000		N00014-01-G-0460/0012	360	4,499	0	
12.000		N00014-01-G-0460/0013	360	85,029	0	
12.000		N00014-01-G-0460/0014	360	55,009	0	
12.000		N00014-01-G-0460/0017	360	364	0	
12.000		N00014-01-G-0460/0018	360	141,895	0	
12.000		N00014-01-G-0460/0022	360	(1,572)	0	
12.000		N00014-01-G-0460/0023	360	117,967	0	
12.000		N00014-01-G-0460/0025	360	104,175	0	
12.000		N00014-01-G-0460/0027	360	64,740	0	
12.000		N00014-01-G-0460/0028	360	25,901	0	
12.000		N00014-01-G-0460/0030	360	32,100	0	
12.000		N00014-01-G-0460/0031	360	23,053	0	
12.000		N00014-01-G-0460/0032	360	2,624	0	
12.000		N00014-01-G-0460/0033	360	18,467	0	
12.000		N00014-01-G-0460/0034	360	54,101	0	
12.000		N00014-01-G-0460/0035	360	52,823	0	
12.000		N00014-01-G-0460/0036	360	525,547	0	
12.000		N00014-01-G-0460/0037	360	66,182	0	
12.000		N00014-01-G-0460/0038	360	120,777	0	
12.000		N00014-01-G-0460/0039	360	4,062	0	
12.000		N00014-01-G-0460/0040	360	365,301	0	
12.000		N00014-01-G-0460/0041	360	13,006	0	
12.000		N00014-01-G-0460/0042	360	187,713	0	
12.000		N00014-01-G-0460/0043	360	7,121	0	
12.000		N00014-01-G-0460/0051	360	27,627	0	
12.000		N00014-02-1-0305	360	169,799	0	
12.000		N00014-02-1-0673	360	59,611	0	
12.000		N00014-98-G-0001 DO 25	360	(1,121)	0	
12.000		N00014-98-G-0001/0021	360	255	0	
12.000		N00014-98-G-0001/0022	360	(43)	0	
12.000		N000140510824	360	39,196	0	

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Dept of Defense

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12.000	DOD, Contract Number Only Provided	N0001497MD40009	360	7,930	0	
12.000		N00024-02-D-6602	360	(14,987)	0	
12.000		N00024-02-D-6602/0007	360	69,573	0	
12.000		N00024-02-D-6602/0020	360	(2,777)	0	
12.000		N00024-02-D-6602/0025	360	(48)	0	
12.000		N00024-02-D-6602/0027	360	(7)	0	
12.000		N00024-02-D-6602/0028	360	(139)	0	
12.000		N00024-02-D-6602/0035	360	28	0	
12.000		N00024-02-D-6602/0036	360	(1)	0	
12.000		N00024-02-D-6602/0038	360	(2,289)	0	
12.000		N00024-02-D-6602/0039	360	(286)	0	
12.000		N00024-02-D-6602/0042	360	(108)	0	
12.000		N00024-02-D-6602/0045	360	(243)	0	
12.000		N00024-02-D-6602/0046	360	(994)	0	
12.000		N00024-02-D-6602/0047	360	128,552	0	
12.000		N00024-02-D-6602/0048	360	61,114	0	
12.000		N00024-02-D-6602/0049	360	242,103	0	
12.000		N00024-02-D-6602/0050	360	1,186,293	237,000	
12.000		N00024-02-D-6602/0051	360	45,118	0	
12.000		N00024-02-D-6602/0052	360	185,243	0	
12.000		N00024-02-D-6602/0053	360	23,998	0	
12.000		N00024-02-D-6602/0054	360	37,020	0	
12.000		N00024-02-D-6602/0055	360	86,889	0	
12.000		N00024-02-D-6602/0056	360	107,699	0	
12.000		N00024-02-D-6602/0057	360	440,280	0	
12.000		N00024-02-D-6602/0058	360	919	0	
12.000		N00024-02-D-6602/0059	360	424,728	0	
12.000		N00024-02-D-6602/0060	360	953	0	
12.000		N00024-02-D-6602/0061	360	73,028	0	
12.000		N00024-02-D-6602/0062	360	39,765	0	
12.000		N00024-02-D-6602/0063	360	30,261	0	
12.000		N00024-02-D-6602/0065	360	164,811	0	
12.000		N00024-02-D-6602/0066	360	22,625	0	
12.000		N00024-02-D-6602/0069	360	32	0	
12.000		N00024-02-D-6602/0071	360	1,307	0	
12.000		N00024-02-D-6602/0072	360	31,591	0	

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Dept of Defense

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12.000	DOD, Contract Number Only Provided	N00024-02-D-6602/0073	360	76	0	
12.000		N00024-02-D-6602/0074	360	76	0	
12.000		N00024-02-D-6602/0077	360	790	0	
12.000		N00104-03-M-D274 P4	360	1	0	
12.000		N00104-03-M-D512	360	(122)	0	
12.000		N00104-03-M-D528, MO03	360	(27)	0	
12.000		N00104-03-M-D529, P6	360	(47)	0	
12.000		N00104-03-M-D787 P4	360	(23)	0	
12.000		N00104-03-PFN89, P1	360	23	0	
12.000		N00104-04-M-D271	360	(29)	0	
12.000		N00104-04-M-D295	360	24	0	
12.000		N00167-03-D-0024/0001	360	18,921	0	
12.000		N00167-03-D-0024/0002	360	679,948	0	
12.000		N00167-03-D-0024/0003	360	(8)	0	
12.000		N00167-03-D-0024/0004	360	336,121	0	
12.000		N00167-03-D-0024/0005	360	38,920	0	
12.000		N00167-03-D-0024/0006	360	11,333	0	
12.000		N00167-03-D-0024/0007	360	2,835	0	
12.000		N00167-03-D-0024/0008	360	350,754	0	
12.000		N00167-03-D-0024/0009	360	193,601	0	
12.000		N00167-03-D-0024/0010	360	351,501	0	
12.000		N00167-03-D-0024/0011	360	1,003,374	0	
12.000		N00167-03-D-0024/0012	360	750,341	0	
12.000		N00167-03-D-0024/0013	360	443,247	0	
12.000		N00167-03-D-0024/0014	360	87,913	0	
12.000		N00167-03-D-0024/0015	360	51,413	0	
12.000		N00167-06-M-5087	360	5,294	0	
12.000		N00173-04-P-0782	360	27,611	0	
12.000		N00173-05-P-2015	360	97,967	0	
12.000		N00173-06-C-2045	360	11,473	0	
12.000		N0024-02-D-6602, DO12	360	(2,367)	0	
12.000		N00244-01-P-2823	360	6	0	
12.000		N00421-01-D-0009/0007	360	(10)	0	
12.000		N00421-01-D-0009/0008	360	28,017	0	
12.000		N6227102MPR5U50	360	(134)	0	
12.000		N66001-02-IPA-002	360	34,050	0	

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Dept of Defense

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12.000	DOD, Contract Number Only Provided	N66604-05-M-3994	360	18,331	0	
12.000		NBCHC050137, AM0002	360	1,048,622	387,780	
12.000		NOO104-03-M-D775 P2	360	2	0	
12.000		W81XWH-04-1-0198,P0001	360	31,457	0	
12.000		W81XWH-04-1-0390	360	39,567	0	
12.000		W81XWH-04-1-0561	360	190,916	0	
12.000		W81XWH-04-1-0814	360	46,542	0	
12.000		W81XWH-06-1-0014	360	29,771	0	
12.000		W81XWH-06-1-0108	360	31,479	0	
12.000		W81XWH-06-1-0537	360	550	0	
12.000		W911NF-05-1-0176	360	107,339	0	
12.000		W911NF-05-1-0260	360	9	0	
12.000		W911NF-05-1-0313MOD1&2	360	3	0	
12.000		W911NF-05-1-0403	360	553,363	244,778	
12.000		W911QY-05-1-0004	360	219,982	0	
12.000		W912DW-04-P-0376	360	1,609	0	
12.000		W912DW-05-P-0381	360	24,781	0	
12.000		W912HQ-06-C-0037	360	1,524	0	
12.000		W91QF0-06-P-0010	360	35,474	0	
12.000		031200244	365	27,135	0	PT
12.000		051000196	365	73,663	0	PT
12.000		0570	365	2,600	0	PT
12.000		3024189	365	(10,472)	0	PT
12.000		400015937	365	34,929	0	PT
12.000		400039720	365	8,304	0	PT
12.000		400051322	365	35,442	0	PT
12.000		42090SM	365	(35,128)	0	PT
12.000		AFRLYAG0003	365	30,499	0	PT
12.000		AM6420041	365	101,254	0	PT
12.000		DAAD1600C9215	365	2,017	0	
12.000		DAAD160120001	365	197,199	1,373	
12.000		DAAD1603C0056	365	204,748	0	
12.000		DAAD190120020	365	202,142	15,200	
12.000		DACA7202C0031	365	95,410	0	
12.000		DACW6803M3076	365	(1,433)	0	
12.000		DACW6803P0101	365	(13,058)	0	

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Dept of Defense

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
12.000	DOD, Contract Number Only Provided	DAKF5702C0002	365	(29,887)	0	
12.000		DASG6002C0001	365	179,952	0	
12.000		DASG6002C0084	365	1,171,848	0	
12.000		EVSUBCONTRACT0001	365	218,287	0	PT
12.000		FA95500610112	365	2,776	0	
12.000		GUAR56052071	365	(21,709)	0	PT
12.000		GUAR56052084	365	6,357	0	PT
12.000		N00173012C010	365	(356)	0	
12.000		N0040605P1867	365	1,849	0	
12.000		N0040605P7276	365	(5,343)	0	
12.000		N0040606P1611	365	2,046	0	
12.000		VAN0001	365	(1,243)	0	PT
12.000		W911QY05C0090	365	68,279	0	
12.000		W911S805G4001	365	13,157	0	
12.000		W912EF04P0067	365	(35,437)	0	
12.000		W912EF05C0031	365	78,469	0	
12.000		W912EF05P0169	365	5,244	0	
12.000		W9132T04D0009	365	5,000	0	
12.000		WSU000166	365	10,940	0	PT
12.000		WSU000182	365	1,858	0	PT
12.000		WSU000186	365	(32,185)	0	
12.000		WSU000292	365	1,246	0	PT
	Federal Program 12.000 Total			**19,643,506**	**1,196,875**	
	Defense Undetermined Total			**19,643,506**	**1,196,875**	
12.300	Basic & Applied Scientific Research		360	16,974,232	1,054,556	
12.300		04-SC-ONR-1066	360	7,290	0	PT
12.300		F012919, AMEND 2	360	235,130	0	PT
12.300		N00014-01-1-0782 AM05	360	87,331	0	PT
12.300		PO 10212040-005	360	107,172	0	PT
12.300		WASHINGTON-01 M0D1	360	205,431	0	PT
12.300			365	5,234,588	766,634	
12.300		2503036	365	188,550	0	PT
12.300		KKK680WSU	365	44,127	0	PT
12.300		KKK702B	365	7,389	0	PT
12.300		KKK95103A	365	(1,815)	0	PT

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Research and Development

Dept of Defense

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
12.300	Basic & Applied Scientific Research		461	18,393	0	
	Federal Program 12.300 Total			**23,107,818**	**1,821,190**	
	Dept of Navy Total			**23,107,818**	**1,821,190**	
12.420	Military Med Rsch & Developt		360	1,272,236	8,570	
12.420		02-01-069 MOD04	360	913,740	0	PT
12.420		02-01-069, AMEND.#1**	360	13,430	0	PT
12.420		05-201062-01-S1137 M1	360	72,929	0	PT
12.420		05-201144-01-S1214	360	61,223	0	PT
12.420		0520106201S1137P580299	360	10,344	0	PT
12.420		0520106201S1138P580300	360	22,730	0	PT
12.420		DAMD-01-1-0764 AMD#2	360	29,853	0	PT
12.420		DAMD17-03-2-0033 PJ1M1	360	2,038	0	PT
12.420		DAMD17-03-2-0033 PRJ 1	360	(2,875)	0	PT
12.420		DAMD17-03-2-0033PRJ1M2	360	151,067	0	PT
12.420		DAMD17-03-2-0033PRJ2M2	360	51,912	0	PT
12.420		DAMD170320033COREA,M2	360	8,949	0	PT
12.420		W81XWH-04-2-0012, AM#8	360	172,703	0	PT
12.420			365	847,718	0	
12.420			370	12,421	0	
12.420			490	384	0	
	Federal Program 12.420 Total			**3,640,802**	**8,570**	
	U S Army Medical Command Total			**3,640,802**	**8,570**	
12.431	Basic Scientific Research		360	209,675	49,374	
12.431		PATS#19779, SAP1003768	360	47,352	0	PT
12.431			365	98,367	0	
	Federal Program 12.431 Total			**355,394**	**49,374**	
	U S Army Materiel Command Total			**355,394**	**49,374**	
12.630	Basic, Appld & Adv Rsch in Sci & Engin		360	1,128,377	446,207	
12.630			365	143,828	0	
12.630			375	167,594	21,689	
	Federal Program 12.630 Total			**1,439,799**	**467,896**	
	Off of the Secretary of Defense Total			**1,439,799**	**467,896**	

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

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
12.800	Air Force Defense Rsrch Sciences		360	853,809	133,498	
12.800		15510833913K155031 A3	360	(1)	0	PT
12.800		SO6-47225 MOD. 1	360	49,238	0	PT
12.800		UW BUD# 630418	360	7,049	0	PT
12.800			365	850,975	80,805	
12.800		S000000377	365	83,005	0	PT
	Federal Program 12.800 Total			**1,844,075**	**214,303**	
	Air Force, Materiel Command Total			**1,844,075**	**214,303**	
12.910	Research & Technology Develop		360	3,100,475	1,552,472	
12.910		5710001484 AM07	360	59,602	0	PT
12.910		SA020967 AM07	360	6,219	0	PT
12.910		WSU000039	365	(3,305)	0	PT
	Federal Program 12.910 Total			**3,162,991**	**1,552,472**	
	Defense Advanced Rsrch Projects Agency Total			**3,162,991**	**1,552,472**	
12.999	DOD, UNKNOWN		350	120,187	0	
12.999			360	(28,648)	0	
12.999			477	1,645	0	
	Federal Program 12.999 Total			**93,184**	**0**	
	Defense Undetermined Total			**93,184**	**0**	
	Dept of Defense Total			**53,287,569**	**5,310,680**	

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Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.805	Water Resources Resch Institut		365	242,501	1,963	
	Federal Program 15.805 Total			**242,501**	**1,963**	
15.807	Earthquake Hazards Reduction		360	977,687	0	
15.807			375	4,598	0	
	Federal Program 15.807 Total			**982,285**	**0**	
15.808	Geological Survey - Resrch & Data Acquisition		360	295,049	0	
15.808			365	19,262	0	
15.808			370	33,911	0	
15.808			461	56,706	0	
15.808			477	52,302	0	
15.808			490	19,784	0	
	Federal Program 15.808 Total			**477,014**	**0**	
	Geological Survey Total			**1,701,800**	**1,963**	
	Dept of the Interior Total			**1,701,800**	**1,963**	

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 Justice

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
16.560	Nat'l Instit of Justice Rsch, Eval & Devlp Proj Gr		225	63,374	0	
	Federal Program 16.560 Total			**63,374**	**0**	
	National Institute of Justice Total			**63,374**	**0**	
	Dept of Justice Total			**63,374**	**0**	

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Research and Development

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.205	Highway Planning & Constructn	S040047	365	17,787	0	PT
	Federal Program 20.205 Total			**17,787**	**0**	
	Federal Highway Administration Total			**17,787**	**0**	
20.514	Public Transportation Research		380	376,408	0	
20.514			405	7,646	0	
	Federal Program 20.514 Total			**384,054**	**0**	
	Federal Transit Administration Total			**384,054**	**0**	
	Dept of Transportation Total			**401,841**	**0**	

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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
47.000	NSF, Contract Number Only Provided	00-10-0203-02 MOD03	360	127	0	PT
47.000		00-10-0203-02 MOD05	360	626	0	PT
47.000		002865-UW	360	8,152	0	PT
47.000		021604-A	360	1,180	0	PT
47.000		030209, MOD02	360	116,718	0	PT
47.000		06-201630-01	360	6,777	0	PT
47.000		1120097-111373 MOD05	360	(636)	0	PT
47.000		12415 MOD 3	360	61,423	0	PT
47.000		378C	360	(20,986)	0	PT
47.000		378CMOD05	360	12,757	0	PT
47.000		A100224 MOD01	360	2	0	PT
47.000		A100416	360	102,000	0	PT
47.000		F006212	360	3,697	0	PT
47.000		FY2002-002 M3	360	22,410	0	PT
47.000		NWRA-02-S-061 MOD3	360	472	0	PT
47.000		OR2404-001.01, AM02	360	68,867	0	PT
47.000		P.O. 558793, REV 1	360	(4,257)	0	PT
47.000		P.O. 560232	360	5,937	0	PT
47.000		P.O.#546424 REVISION 8	360	5,210	0	PT
47.000		PG-65900-02	360	14,577	0	PT
47.000		SA 4802 MOD 1	360	58,989	0	PT
47.000		SA3949/1-0000737296	360	(14)	0	PT
47.000		SA4102	360	(8)	0	PT
47.000		SA4194, AM01	360	(352)	0	PT
47.000		SA4285PG MOD01	360	(145)	0	PT
47.000		SA4335PG	360	(4,590)	0	PT
47.000		SA4716, A02	360	81,624	0	PT
47.000		SA4721/PO999075	360	35,010	0	PT
47.000		SA4757, MOD01	360	38,075	0	PT
47.000		SA4816 AM#2	360	93,482	0	PT
47.000		SUBCONTRACT 05-S007	360	10,039	0	PT
47.000		TO F001794	360	1,090	0	PT
47.000		UW BUD# 660051	360	13,645	0	PT
47.000		UW BUD# 660572	360	43,694	0	PT
47.000		UW BUD# 661138	360	14,376	0	PT
47.000		UW BUD# 666352	360	8,352	0	PT

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National Science Foundation

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47.000	NSF, Contract Number Only Provided	UW BUD# 668740	360	9,263	0	PT
47.000		UW BUD# 670488	360	(22)	0	PT
47.000		Y-99-0030 AM01	360	(3)	0	PT
47.000		AST0353093	365	70,506	0	
47.000		DEB0508833	365	8,565	0	
47.000		ECS0503799	365	43,652	0	
47.000		GUAR30558938	365	122,276	0	PT
47.000		GUAR58072099	365	162,173	0	
47.000		MCB0323167	365	4,000	0	
47.000		PTA10006621011770	365	7,411	0	PT
47.000		RB12502ST03	365	1,971	0	PT
47.000		WSU000198	365	111,003	0	
	Federal Program 47.000 Total			**1,339,115**	**0**	
47.041	Engineering Grants		360	6,981,861	461,953	
47.041		44771-7473	360	216,155	0	PT
47.041		44771-7473 AM02	360	615,846	0	PT
47.041		E-20-L05-G3	360	2,440	0	PT
47.041		GC201-03-Z2406, MOD02	360	40,252	0	PT
47.041		SA5158 PO 1140320	360	18,210	0	PT
47.041		SO774A-A,AM05	360	54,752	0	PT
47.041		UCB SA4570, MOD01	360	31,677	0	PT
47.041		UCB SA4570, MOD02	360	34,192	0	PT
47.041			365	1,260,683	105,910	
47.041		433115874P	365	80,958	0	PT
47.041		FEK56103A	365	5,286	0	PT
47.041			370	72,154	0	
	Federal Program 47.041 Total			**9,414,466**	**567,863**	
47.049	Mathematical & Physical Sci's		360	12,799,223	2,290,615	
47.049		27618 AM02	360	20,281	0	PT
47.049		4206189	360	47,038	0	PT
47.049		7443-2307, AMEND2	360	(3,866)	0	PT
47.049		7443-2307,AMD2	360	149,065	0	PT
47.049		8601-06862	360	2,146	0	PT
47.049		F094801	360	(2,406)	0	PT
47.049		GN00002151	360	7,348	0	PT

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National Science Foundation

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47.049	Mathematical & Physical Sci's	IAS-EHR-0314808	360	47,887	0	PT
47.049		PHY 0301292	360	135,246	0	PT
47.049		PHY9722537AM12	360	103	0	PT
47.049		T5166178101,AMD1	360	41,916	0	PT
47.049			365	1,060,590	0	
47.049		ACK88703A	365	15,134	0	PT
47.049		TUL1350203	365	71,950	0	PT
47.049		WSU000299	365	26,636	0	PT
47.049			380	813,248	0	
	Federal Program 47.049 Total			**15,231,539**	**2,290,615**	
47.050	Geosciences		360	27,598,883	2,533,143	
47.050		02-026	360	149,595	0	PT
47.050		02-026 MOD02	360	594	0	PT
47.050		02-026 MOD03	360	26,731	0	PT
47.050		337, AM05	360	106,764	0	PT
47.050		381-16	360	1,275	0	PT
47.050		5-34099-570 AM003	360	27,791	0	PT
47.050		F041005	360	25,902	0	PT
47.050		KK4111, MOD02	360	56,108	0	PT
47.050		OCE-02-23951-2, MOD#3	360	125,053	0	PT
47.050		PO.# 40000088273 AM05	360	85,336	0	PT
47.050		PO10258023	360	26,483	0	PT
47.050		UW BUD# 630044	360	8,345	0	PT
47.050			365	961,619	322,149	
47.050		G30306W0996	365	44,674	0	PT
47.050		R272484	365	991	0	PT
47.050			375	536,235	18,077	
47.050		PO 603412	375	177	0	PT
47.050			380	590,936	39,126	
47.050		A100171	380	39,126	0	PT
	Federal Program 47.050 Total			**30,412,618**	**2,912,495**	
47.070	Computer/Info Sci/Engineering		360	9,139,818	539,084	
47.070		501-1390-01	360	62,934	0	PT
47.070		ONE AMD # 2	360	29,342	0	PT
47.070		PO# 539927SUBCONTR AM1	360	6,365	0	PT

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47.070	Computer/Info Sci/Engineering	S0790A-A AM03	360	91,917	0	PT
47.070			365	268,424	0	
47.070		20050451002	365	176,098	0	PT
47.070		G33141	365	24	0	PT
47.070		NCFACI0203776	365	(22)	0	PT
47.070			376	8,255	0	
	Federal Program 47.070 Total			**9,783,155**	**539,084**	
47.074	Biological Sciences		360	6,835,290	1,056,010	
47.074		00-BS-533515-UW MOD02	360	(370)	0	PT
47.074		04-SC-NSF-1029, MOD. 1	360	176,394	0	PT
47.074		0520022902S1001P573919	360	11,658	0	PT
47.074		054F412 144-JW10 MOD05	360	42,798	0	PT
47.074		0620022903S1394P596988	360	35,809	0	PT
47.074		2003-102704-501626, M2	360	(1)	0	PT
47.074		748-7558-206-2003806	360	36,762	0	PT
47.074		P623840 ACCT# 144-LS77	360	14,690	0	PT
47.074		S0720E-A, AM01	360	28,795	0	PT
47.074		UF03012, AM01	360	3,392	0	PT
47.074			365	3,016,334	278,155	
47.074		03048	365	30,851	0	PT
47.074		10252707	365	30,106	0	PT
47.074		4204017	365	24,676	0	PT
47.074		AAK628	365	552	0	PT
47.074		SA6248	365	(870)	0	PT
47.074		SA6644	365	(11,199)	0	PT
47.074			375	82,456	11,444	
47.074		DEB-0343633	375	713	0	PT
47.074		UTA02-120	375	33,292	0	PT
47.074			376	159,793	0	
47.074		01-SCNSF-1007	376	1,230	0	PT
47.074			380	388,570	0	
	Federal Program 47.074 Total			**10,941,721**	**1,345,609**	
47.075	Social Behav and Econ Sciences		360	1,940,997	24,249	
47.075		13501190-31002-B, AM 1	360	32,835	0	PT
47.075		154-1507	360	39,072	0	PT

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47.075	Social Behav and Econ Sciences	GEP2 3329 TB 03	360	7,093	0	PT
47.075		UKB1-2646-LV-05	360	7,718	0	PT
47.075			365	216,784	8,822	
47.075		WRE31	365	8,543	0	PT
47.075		WSU000140	365	15,465	0	PT
47.075			375	4,865	0	
47.075			380	25,212	0	
	Federal Program 47.075 Total			**2,298,584**	**33,071**	
47.076	Educational and Human Resource		360	10,192,574	1,591,448	
47.076		4202152	360	14,799	0	PT
47.076		4206150	360	16,256	0	PT
47.076		Q00983 MOD 1	360	5,327	0	PT
47.076			365	707,243	54,445	
47.076		BLF5107	365	23,496	0	PT
47.076		ELT4807	365	20,369	0	PT
47.076		WSU000188	365	37,500	0	PT
47.076		531748	370	17,192	0	PT
47.076			375	258,380	0	
47.076			376	89,217	0	
47.076		1225-1021-00a\A	376	62,187	0	PT
47.076			380	3,594,201	6,163	
47.076		10228089	380	4,663	0	PT
47.076		52270A P1623 78	380	1,500	0	PT
	Federal Program 47.076 Total			**15,044,904**	**1,652,056**	
47.078	Polar Programs		360	7,131,642	367,195	
47.078		A100351 MOD02	360	83,245	0	PT
47.078		G-3186-1	360	(7,055)	0	PT
47.078		G-3186-1/PO#P311822	360	1,100	0	PT
47.078		SA4106-10100, AM01	360	47,439	0	PT
47.078		TBD	360	124,732	0	PT
47.078			365	13,073	0	
47.078		50867A	365	1,067	0	PT
47.078			380	78,448	0	
	Federal Program 47.078 Total			**7,473,691**	**367,195**	

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National Science Foundation

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47.999	NSF, UNKNOWN		360	39,976	0	
	Federal Program 47.999 Total			**39,976**	**0**	
	National Science Foundation Total			**101,979,769**	**9,707,988**	
	National Science Foundation Total			**101,979,769**	**9,707,988**	

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Environmental Protection Agy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
66.500	Environmental Protection-Consolidated Research		303	122,232	62,743	
66.500			360	700,381	8,319	
66.500		E0101B-A, AMEND #2	360	47,102	0	PT
66.500		EPA82947901-236	360	4,623	0	PT
66.500		F008805	360	13,590	0	PT
66.500		02CTS6	365	120,931	0	PT
66.500			380	27,681	0	
66.500			461	186,615	0	
	Federal Program 66.500 Total			**1,223,155**	**71,062**	
66.509	Science to Achieve Results (STAR) Research Program		360	5,019,309	2,124,328	
66.509			365	215,644	60,467	
66.509		505087	365	16,275	0	PT
	Federal Program 66.509 Total			**5,251,228**	**2,184,795**	
	Office of Research & Development Total			**6,474,383**	**2,255,857**	
	Environmental Protection Agy Total			**6,474,383**	**2,255,857**	

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Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
81.049	Off of Science Financial Assistance Prog		360	14,668,950	199,606	
81.049		61-3226A, AM08	360	78,715	0	PT
81.049		741751	360	76,225	0	PT
81.049		G-3831-1	360	11,420	0	PT
81.049			365	4,416,577	1,978	
	Federal Program 81.049 Total			**19,251,887**	**201,584**	
	Office of Energy Research Total			**19,251,887**	**201,584**	
81.086	Conservation Resch/Devlpmt		365	319,726	0	
81.086		R99035	365	7,460	0	PT
	Federal Program 81.086 Total			**327,186**	**0**	
81.087	Renewable Energy Research	0000042951	365	6,492	0	PT
81.087		0625449HB	365	7,743	0	PT
81.087		WSU000098	365	171,211	0	PT
81.087		WSU000383	365	42,503	0	PT
	Federal Program 81.087 Total			**227,949**	**0**	
	Off of Energy Efficiency & Renewable Energy Total			**555,135**	**0**	
81.113	Defense Nuclear Nonproliferation Rsch		365	185,432	0	
	Federal Program 81.113 Total			**185,432**	**0**	
	Office of Nonproliferation & Natl Security Total			**185,432**	**0**	
	Dept of Energy Total			**19,992,454**	**201,584**	

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Research and Development

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.133	Natl Inst -Disablty & Rehab Resch		360	3,406,043	280,623	
84.133		990029-UW AM02	360	69,163	0	PT
84.133		WSU000143	365	43,262	0	PT
	Federal Program 84.133 Total			**3,518,468**	**280,623**	
	Off of Special Education & Rebabilitative Services Total			**3,518,468**	**280,623**	
84.220	Internatl Business Ed Centers		360	401,582	0	
	Federal Program 84.220 Total			**401,582**	**0**	
	Office of Postsecondary Education Total			**401,582**	**0**	
84.305	Educ Research, Develpmt & Dissemination		360	11,048	0	
84.305		174H862	375	55,700	0	PT
	Federal Program 84.305 Total			**66,748**	**0**	
	Office of Educational Research & Improvement Total			**66,748**	**0**	
84.324	Research in Special Education		360	1,227,080	218,833	
	Federal Program 84.324 Total			**1,227,080**	**218,833**	
	Off of Special Education & Rebabilitative Services Total			**1,227,080**	**218,833**	
	Dept of Education Total			**5,213,878**	**499,456**	

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93.061	Innovations in Applied Public Health Research		360	639,583	0	
	Federal Program 93.061 Total			**639,583**	**0**	
	Centers for Disease Control & Prevention, PHS Total			**639,583**	**0**	
93.103	Food & Drug Admin - Research		360	242,560	17,952	
93.103		FD-R-001661-01	360	4,774	0	PT
93.103			365	(3,367)	0	
	Federal Program 93.103 Total			**243,967**	**17,952**	
	Food & Drug Administration, Public Health Service Total			**243,967**	**17,952**	
93.113	Bio Response to Environ Health		360	7,636,794	1,502,112	
93.113		04 102554-03-S0789	360	940,654	0	PT
93.113		05 102554-03-S1029	360	28,717	0	PT
93.113		05 102554-04-S1029	360	184,967	0	PT
93.113		537908	360	25,986	0	PT
93.113		70019-066586-100	360	53,858	0	PT
93.113		SA3138-32089PG#4&5	360	20,504	0	PT
93.113		SA3889PG; PO#711688	360	(1)	0	PT
93.113			365	1,345,722	0	
93.113		ABK14704A	365	60,087	0	PT
93.113			375	15,334	0	
	Federal Program 93.113 Total			**10,312,622**	**1,502,112**	
93.114	Applied Toxicolgl Resch & Test		360	384,108	34,314	
93.114		112097 MOD01	360	13,300	0	PT
93.114		2 R01 ES009718	360	(6,933)	0	PT
93.114		AGREEMENT S050001 AM01	360	13,082	0	PT
93.114			365	987,893	0	
	Federal Program 93.114 Total			**1,391,450**	**34,314**	
93.115	Biometry & Risk Estimation-Env		360	764,157	176,921	
	Federal Program 93.115 Total			**764,157**	**176,921**	
	Division of Research Grants, NIH, PHS Total			**12,468,229**	**1,713,347**	
93.121	Oral Diseases & Disorders Resc		360	15,067,878	2,142,352	
93.121		3143SC	360	(1,323)	0	PT
93.121		3408SC	360	229,476	0	PT

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.121	Oral Diseases & Disorders Resc	413680010101.UW	360	28,049	0	PT
93.121		6822-5,MC-494951-B-AJ	360	4,852	0	PT
93.121		B6146038204	360	4,728	0	PT
93.121		B6146038205	360	373,384	0	PT
93.121		U6146038203	360	1,740	0	PT
93.121		UF01006 MOD03	360	40,437	0	PT
93.121		UW BUD# 670874	360	24,122	0	PT
	Federal Program 93.121 Total			**15,773,343**	**2,142,352**	
	Off of Extramural Rsrch, Nat'l Institutes of Healt Total			**15,773,343**	**2,142,352**	
93.135	Health Promo & Disease Prevent		360	2,603,281	693,782	
93.135		3 U48 DP000064-02S1	360	25,483	0	PT
	Federal Program 93.135 Total			**2,628,764**	**693,782**	
93.136	Injury Prevnt/Cntrl Rsch/St & Commnty Progs		360	2,417,441	73,755	
93.136		JHU PO# 8208-12075-1	360	2,017	0	PT
93.136			365	31,901	0	
	Federal Program 93.136 Total			**2,451,359**	**73,755**	
	Centers for Disease Control & Prevention, PHS Total			**5,080,123**	**767,537**	
93.154	Spcl Intntl Postdr Resch-AIDS		360	(1,244)	0	
	Federal Program 93.154 Total			**(1,244)**	**0**	
	Div of Intrnt'l Trng & Rsrch, Nat'l Institutes of Total			**(1,244)**	**0**	
93.155	Rural Health Research Centers		360	617,480	0	
	Federal Program 93.155 Total			**617,480**	**0**	
	Hlth Resources & Services Administration Total			**617,480**	**0**	
93.172	Human Genome Research		360	15,062,840	830,094	
93.172		008283, AMEND 2	360	93,084	0	PT
93.172		008283-01	360	(904)	0	PT
93.172		008283-01, AM01	360	22,533	0	PT
93.172		05-200215-02S1028	360	(20)	0	PT
	Federal Program 93.172 Total			**15,177,533**	**830,094**	
	Nat'l Ctr for Genome Rsrch, Nat'l Institutes of Hl Total			**15,177,533**	**830,094**	
93.173	Deafness & Communication Disor		360	8,644,835	518,600	

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93.173	Deafness & Communication Disor	10135316-004	360	13	0	PT
93.173		4000523511	360	6,793	0	PT
93.173		4000531979	360	48,986	0	PT
93.173			365	131,124	20,804	
	Federal Program 93.173 Total			**8,831,751**	**539,404**	
	Nat'l Instit on Deafns & Other Comm Disordrs, NIH, Total			**8,831,751**	**539,404**	
93.184	Disabilities Prevention		303	415,225	361,969	
93.184			360	(28)	0	
93.184		UW BUD# 660533	360	19,508	0	PT
93.184		UW BUD# 667507	360	10,891	0	PT
	Federal Program 93.184 Total			**445,596**	**361,969**	
93.185	Immun Resch, Demo, Public Info	PO # 70261	360	6,255	0	PT
	Federal Program 93.185 Total			**6,255**	**0**	
	Centers for Disease Control & Prevention, PHS Total			**451,851**	**361,969**	
93.186	Natl Research Service Award in Primary Care Medicine		360	355,712	0	
	Federal Program 93.186 Total			**355,712**	**0**	
	Bur of Hlth Professions, Hlth Resrcs & Svs Admin, Total			**355,712**	**0**	
93.213	Resch & Traing in Complimntry & Altrnatve Medicine		360	1,689,549	152,737	
93.213		0000611873	360	2,929	0	PT
93.213		1 R01 AT002105-01	360	25	0	PT
93.213		109639-4	360	35,476	0	PT
93.213		110980-1	360	406,231	0	PT
93.213		5 R01 AT002105-03	360	106,704	0	PT
	Federal Program 93.213 Total			**2,240,914**	**152,737**	
	Office of Alternative Medicine, NIH, PHS Total			**2,240,914**	**152,737**	
93.226	Rsch on Healthcare Costs, Quality &Outcomes		360	2,439,538	305,529	
93.226		40119-UW	360	63,858	0	PT
93.226		41291.001.03.01UW	360	53,990	0	PT
93.226		5 R18 11866	360	11,964	0	PT
93.226		FY05001009 UWASH A3YR4	360	78,815	0	PT
93.226		FY06001013UWAS AMD4YR5	360	256,632	0	PT
93.226		HR,7659,123804UW	360	17,508	0	PT

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93.226	Rsch on Healthcare Costs, Quality &Outcomes	PO#2006112200	360	5,287	0	PT
	Federal Program 93.226 Total			**2,927,592**	**305,529**	
	Agency for Health Care Policy & Research, PHS Total			**2,927,592**	**305,529**	
93.230	Consolidtd Knowldge Develpmt & Applic Prog		300	3,244,410	3,230,546	
93.230			360	250,990	0	
93.230		1 H79 T115917-02	360	13,282	0	PT
93.230		1 H79 T115917-03	360	71,808	0	PT
93.230		GPHPM0027B AM02	360	14,688	0	PT
93.230		GPHPM0027B AM03	360	47,667	0	PT
93.230		GPHPM0027B,AM01	360	(199)	0	PT
	Federal Program 93.230 Total			**3,642,646**	**3,230,546**	
	Subst Abuse & Mentl Hlth Svs Admin, PHS Total			**3,642,646**	**3,230,546**	
93.233	National Ctr on Sleep Disorders Research		360	175,129	0	
93.233		1471-27462 PO P980425	360	24,087	0	PT
93.233			365	238,123	0	
	Federal Program 93.233 Total			**437,339**	**0**	
	Division of Research Grants, NIH, PHS Total			**437,339**	**0**	
93.242	Mental Health Research Grants		360	15,203,907	816,903	
93.242		0875 G EE631 A3	360	95,656	0	PT
93.242		0875 P GF336	360	51,082	0	PT
93.242		2006109177	360	17,018	0	PT
93.242		2364-UW-DHHS-2988 AM02	360	3,207	0	PT
93.242		40145	360	49,390	0	PT
93.242		413170-G	360	4,321	0	PT
93.242		5-30298.570	360	51,745	0	PT
93.242		5-33855	360	55,816	0	PT
93.242		90670UW	360	20,636	0	PT
93.242		9920060015, MOD #1	360	174,444	0	PT
93.242		H31544	360	59,929	0	PT
93.242		H33407 AM01	360	45,826	0	PT
93.242		HR/7659,105602UW01	360	(85)	0	PT
93.242		NONE, MOD#04	360	2,802	0	PT
93.242		ONE(1)	360	166,671	0	PT

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Health & Human Services Dept

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93.242	Mental Health Research Grants	PO 2006102177 MOD 1	360	9	0	PT
93.242		R01 MH065340 MOD#2	360	92,908	0	PT
93.242		Z182801, AM C	360	26,253	0	PT
93.242			365	817,248	0	
93.242		51041031	365	4	0	PT
	Federal Program 93.242 Total			**16,938,787**	**816,903**	
	Nat'l Institute of Mental Health, NIH, PHS Total			**16,938,787**	**816,903**	
93.262	Occupatnl Safety and Health Program		235	315,706	0	
93.262			303	(4)	0	
93.262			360	2,292,285	312,685	
93.262		05-200859-01-S1065	360	(25,970)	0	PT
93.262		06-200859-02-S1301	360	141,659	0	PT
93.262		115-9327-01M1	360	5,820	0	PT
93.262		115-9327-01M2	360	7,419	0	PT
93.262		G-4607-3	360	7,852	0	PT
93.262		UW BUD# 661579	360	42,806	0	PT
93.262			365	268,511	203,107	
	Federal Program 93.262 Total			**3,056,084**	**515,792**	
	Centers for Disease Control & Prevention, PHS Total			**3,056,084**	**515,792**	
93.271	Alcohol/Resch Scientist Award		360	242,952	0	
	Federal Program 93.271 Total			**242,952**	**0**	
93.272	Alcohol Natl Resch Svc Award		360	421,132	0	
	Federal Program 93.272 Total			**421,132**	**0**	
93.273	Alcohol Research Programs		360	4,355,422	88,825	
93.273		2005-0502 AM01	360	9,218	0	PT
93.273		2827-UW-DHHS-2529	360	221,376	0	PT
93.273		430-78-12, AM01	360	171,074	0	PT
93.273		5 R01 AA014685	360	20,023	0	PT
93.273		53257BP16607804211CSME	360	16,255	0	PT
93.273		53257CP16607804211E000	360	3,165	0	PT
93.273		7-48U-7901 MOD 7	360	9,246	0	PT
93.273		FY04. 150.001	360	1,506	0	PT
93.273		L334644	360	(4)	0	PT

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93.273	Alcohol Research Programs	L335694	360	112,119	0	PT
93.273			365	430,914	0	
93.273		WSU000004	365	(187)	0	PT
93.273		141210	376	15,780	0	PT
93.273		839178	376	(23,173)	0	PT
93.273			380	278,135	0	
	Federal Program 93.273 Total			**5,620,869**	**88,825**	
	Nat'l Instit on Alcohol Abuse & Alcoholism. NIH, P Total			**6,284,953**	**88,825**	
93.279	Drug Abuse and Addiction Research Programs		300	117,440	0	
93.279		DASA 8376	300	85,229	0	PT
93.279			360	20,042,054	3,394,092	
93.279		010059-07	360	3,425	0	PT
93.279		04-SC-NIH-1013, MOD02	360	43,470	0	PT
93.279		2000 GR012	360	89,939	0	PT
93.279		303-7273	360	5,504	0	PT
93.279		5-21082/PO#P110754	360	8,893	0	PT
93.279		520647/PO#0636199	360	5,918	0	PT
93.279		521429/PO P116384	360	26,522	0	PT
93.279		549503P524261 MOD02	360	91,534	0	PT
93.279		UW BUD# 630275	360	18,222	0	PT
93.279			365	402,683	24,226	
93.279		320020	365	16,424	0	PT
93.279		143584	376	9,518	0	PT
93.279			380	62,087	0	
	Federal Program 93.279 Total			**21,028,862**	**3,418,318**	
	Division of Research Grants, NIH, PHS Total			**21,028,862**	**3,418,318**	
93.281	Mntl Hlth Rsch Career/Scientst Devlpmt Awd		360	1,823,469	2,931	
	Federal Program 93.281 Total			**1,823,469**	**2,931**	
93.282	Mntl Hlth Natl Awrd-ReschTng		360	535,840	0	
93.282		1T32MH06755501P3004974	360	45,635	0	PT
93.282		PO# 3000525989	360	29,997	0	PT
	Federal Program 93.282 Total			**611,472**	**0**	
	Nat'l Institute of Mental Health, NIH, PHS Total			**2,434,941**	**2,931**	

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93.286	Dscvry/Applied/Resch/f/ Technical/Innovation/t/Improve/ Human/Health		360	7,294,273	340,633	
93.286		2003-1328 MOD03	360	115,392	0	PT
93.286		2172, RU 4-22515-10578	360	5,936	0	PT
93.286		G-4628-1, MOD03	360	127,499	0	PT
	Federal Program 93.286 Total			**7,543,100**	**340,633**	
	Off of Extramural Rsrch, Nat'l Institutes of Healt Total			**7,543,100**	**340,633**	
93.333	Clinical Research		360	952,475	387,627	
93.333		931-UW1-2001-2006	360	34,788	0	PT
	Federal Program 93.333 Total			**987,263**	**387,627**	
	Clinical Research, Nat'l Cntr for Resrch Resrcs, N Total			**987,263**	**387,627**	
93.361	Nursing Research		360	8,278,669	134,099	
93.361		2718SC AM03	360	(371)	0	PT
93.361		2718SC AM05	360	44,925	0	PT
93.361		4308SC	360	27,499	0	PT
93.361		GS0N00135A	360	36,935	0	PT
93.361		NR07787-04	360	58,338	0	PT
93.361		PO 4600412829 AM04	360	52,837	0	PT
93.361			365	10,739	0	
	Federal Program 93.361 Total			**8,509,571**	**134,099**	
	Nat'l Institute of Nursing Research, NIH, PHS Total			**8,509,571**	**134,099**	
93.393	Cancer Cause/Prevention Resrch		360	7,904,038	949,800	
93.393		0000611762	360	2,713	0	PT
93.393		03-102277-04-S0402 AM1	360	13,589	0	PT
93.393		04-102279-04-S0827 M1	360	(5)	0	PT
93.393		04-102490-03-S0868	360	(2)	0	PT
93.393		04-106157-03-S0910	360	7,482	0	PT
93.393		05-102490-04-S1170	360	75,169	0	PT
93.393		05-106734-05-S1250	360	6,224	0	PT
93.393		05-107656-03-S1261	360	33,693	0	PT
93.393		05-200885-01-S1131	360	1,553	0	PT
93.393		05-201442-01-S1288	360	6,643	0	PT
93.393		0520089001S1069PO57513	360	1,983	0	PT
93.393		06-200198-03-S1312	360	127,645	0	PT

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93.393	Cancer Cause/Prevention Resrch	06-200890-02-S1379	360	9,464	0	PT
93.393		0620070602S1266P591446	360	9,630	0	PT
93.393		0620088502S1328P593565	360	7,210	0	PT
93.393		0620159801S1381P596332	360	37,673	0	PT
93.393		2003-3164-503817	360	1	0	PT
93.393		40164	360	11,449	0	PT
93.393		40165	360	190,761	0	PT
93.393		8303-49867-2, MOD.#4	360	49,615	0	PT
93.393		R01CA81345-03, AMD 2	360	(919)	0	PT
93.393		SA0500244	360	14,805	0	PT
93.393		SA0600365	360	13,145	0	PT
93.393		SUBAWARD NO.0000610722	360	2	0	PT
93.393			365	271,499	0	
	Federal Program 93.393 Total			**8,795,060**	**949,800**	
93.394	Cancer Detect/Diagnosis Resrch		360	3,595,375	241,572	
93.394		01-335-UW	360	10,030	0	PT
93.394		01-335-UW, AMD 2	360	58,755	0	PT
93.394		05-200553-02-S1279 AM1	360	23,360	0	PT
93.394		05-200909-01-S1127	360	16,295	0	PT
93.394		06-200909-02-S1383	360	51,952	0	PT
93.394		06-201527-01-S1317	360	13,919	0	PT
93.394		2002-047T-UW-A4 AMND 4	360	14,653	0	PT
93.394		2002-6317-495736, AM02	360	(1,056)	0	PT
93.394		2005-02774-01	360	28,500	0	PT
93.394		537816 MOD03	360	8	0	PT
93.394		900573 MOD3	360	9,047	0	PT
93.394		ONE (1)	360	23,556	0	PT
93.394		UW BUD# 630274	360	3,598	0	PT
93.394		UW-NCI-BH-10-40081-1	360	7,569	0	PT
	Federal Program 93.394 Total			**3,855,561**	**241,572**	
93.395	Cancer Treatment Research		360	6,858,197	115,008	
93.395		0000597129	360	44,219	0	PT
93.395		0000601317	360	41,667	0	PT
93.395		0000602275	360	13,040	0	PT
93.395		04-104125-05-S0950	360	33,781	0	PT

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93.395	Cancer Treatment Research	04-104161-02-S0849	360	697	0	PT
93.395		05-201494-01-S1292	360	384,370	0	PT
93.395		05-201496-01-S1283	360	77,706	0	PT
93.395		0510416103S1053P573692	360	4,854	0	PT
93.395		0520089201S1070P575898	360	15,942	0	PT
93.395		06-201497-01-S1291	360	49,215	0	PT
93.395		0620089202S1391P596849	360	55,416	0	PT
93.395		1722.03	360	6,984	0	PT
93.395		597130	360	9,198	0	PT
93.395		606556	360	39,052	0	PT
93.395		8510-38527-X	360	57,888	0	PT
93.395		II-005006-04	360	9,784	0	PT
93.395		LS2-16	360	9,417	0	PT
93.395		SA0500250	360	53,315	0	PT
93.395		SA0600371, MOD 1	360	55,495	0	PT
93.395		SWOG-05002	360	44,733	0	PT
93.395		SWOG-05016	360	(8,872)	0	PT
93.395		SWOG-05017	360	(1,497)	0	PT
93.395		UW BUD# 613394	360	41,643	0	PT
93.395		UW BUD# 660829	360	7,900	0	PT
93.395		UW BUD# 660830	360	41,656	0	PT
93.395		UW BUD# 667650	360	2,963	0	PT
93.395			365	515,868	0	
93.395		051073380351192	365	69,202	0	PT
93.395		1R01CA10255801A1	365	44,890	0	PT
93.395		GUAR29570237	365	16,293	0	PT
	Federal Program 93.395 Total			**8,595,016**	**115,008**	
93.396	Cancer Biology Research		360	5,231,349	973,162	
93.396		03-104162-04-S0444 AM2	360	42,394	0	PT
93.396		05-201409-01-S1242	360	19,089	0	PT
93.396		0520131301S1182P586418	360	79,850	0	PT
93.396		0620158401S1330P594076	360	14,207	0	PT
93.396		5 R21NR00894702 587447	360	68,872	0	PT
93.396		WU-03-122,PO#29146C	360	14,929	0	PT
93.396			365	655,792	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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	Federal Program 93.396 Total			**6,126,482**	**973,162**	
93.397	Cancer Centers Support		360	1,820,411	939,829	
93.397		0000600603	360	1,848	0	PT
93.397		0000600625	360	997	0	PT
93.397		0000605595	360	3,668	0	PT
93.397		0000611484	360	22,273	0	PT
93.397		0000611601	360	16,822	0	PT
93.397		000605118	360	41,498	0	PT
93.397		03-101047-01-SO728MOD1	360	(589)	0	PT
93.397		04-101019-02-S0926	360	(191)	0	PT
93.397		04-102862-05-S08337	360	(1,165)	0	PT
93.397		04-200289-01-S0853	360	(174)	0	PT
93.397		04-200416-02-S0919	360	6,433	0	PT
93.397		05 P30 CA015704-33	360	96,361	0	PT
93.397		05-101019-03-S1226	360	26,753	0	PT
93.397		05-101025-03-S1224	360	49,172	0	PT
93.397		05-101035-03-S1223	360	28,066	0	PT
93.397		05-101150-03-S1220	360	15,258	0	PT
93.397		05-103866-03-S1219	360	73,597	0	PT
93.397		05-200306-02-S1105	360	18,318	0	PT
93.397		05-200308-02-S1058 M1	360	26,298	0	PT
93.397		05-200312-02-S1052	360	619	0	PT
93.397		05-200921-02-S1099	360	51,180	0	PT
93.397		05-200925-02S1100 &AM1	360	8,734	0	PT
93.397		0520028902S1057P573716	360	7,263	0	PT
93.397		0520030602S1098P577872	360	927	0	PT
93.397		0520030602S1104PO78269	360	24,779	0	PT
93.397		0520090003S1227P588478	360	128,685	0	PT
93.397		0520091902S1087P577379	360	41,806	0	PT
93.397		0520092802S1101P577769	360	38,853	0	PT
93.397		0520092902S1102P577772	360	29,691	0	PT
93.397		0520093002S1103P577773	360	46,918	0	PT
93.397		0520097902S1091P576915	360	257	0	PT
93.397		06-200306-03-S1420	360	31,723	0	PT
93.397		06-200306-03-S1422	360	31,069	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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93.397	Cancer Centers Support	06-200306-03-S1424	360	20,804	0	PT
93.397		06-200936-02-S1340	360	17,145	0	PT
93.397		06-200952-02-S1343	360	9,015	0	PT
93.397		06-201742-01-S1439	360	143,232	0	PT
93.397		06-201744-01-S1412	360	5,571	0	PT
93.397		06-201746-01-S1440	360	43,161	0	PT
93.397		0620028903S1425P598281	360	27,526	0	PT
93.397		0620030603S1419P598214	360	52,939	0	PT
93.397		0620030603S1423P598237	360	33,000	0	PT
93.397		0620095302S1344P597889	360	49,447	0	PT
93.397		2002-2866-484059	360	1	0	PT
93.397		2003-4161-497167	360	(1,337)	0	PT
93.397		3641SC	360	7,503	0	PT
93.397		5 P30 CA015704-33	360	192,053	0	PT
93.397		5 P50 CA093683-04	360	75,646	0	PT
93.397		588383	360	100,200	0	PT
93.397		600626	360	1,355	0	PT
93.397		600639	360	6,760	0	PT
93.397		600647	360	3,597	0	PT
93.397		600651	360	2,042	0	PT
93.397		600668	360	354	0	PT
93.397		UW-05-200953-01-S1119	360	12,085	0	PT
93.397		UW-05-200953-01-S1120	360	4,690	0	PT
93.397		UW0520093601S1111P5794	360	(217)	0	PT
93.397		UW0620095402S1347 A01	360	12,861	0	PT
	Federal Program 93.397 Total			**3,507,591**	**939,829**	
93.398	Cancer Research Manpower		360	4,024,805	104,125	
	Federal Program 93.398 Total			**4,024,805**	**104,125**	
93.399	Cancer Control		360	2,184,146	374,372	
93.399		0000571238 AM01	360	11,798	0	PT
93.399		0000583636 AMEND 1	360	47,930	0	PT
93.399		0000596416, AM#1	360	260,799	0	PT
93.399		0000600344	360	8,708	0	PT
93.399		0000600951	360	14,576	0	PT
93.399		0000604181 AM01	360	291,664	0	PT

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93.399	Cancer Control	0000612235	360	4,452	0	PT
93.399		00RA7102-UW	360	7,168	0	PT
93.399		00RA7102-UW, AM A-05	360	15,994	0	PT
93.399		00RA7102-UW-03 AMA02	360	6,901	0	PT
93.399		04-102669-02-S0864	360	(13)	0	PT
93.399		04-102736-02-S0777	360	(4,127)	0	PT
93.399		04-103828-03-S0957	360	1,042	0	PT
93.399		04-103837-03-S1004	360	(10,759)	0	PT
93.399		04-103838-03-S1003	360	(8,915)	0	PT
93.399		04-103839-03-S1167 AM1	360	49,609	0	PT
93.399		04-108123-05-S0780	360	(1)	0	PT
93.399		05-102736-03-S1007	360	6,266	0	PT
93.399		05-102805-04-S01061	360	7,383	0	PT
93.399		05-103833-04-S1306	360	29,289	0	PT
93.399		05-103833-04-S1307	360	13,395	0	PT
93.399		05-201146-01-S1263	360	53,312	0	PT
93.399		0510264903S1199P587669	360	14,321	0	PT
93.399		0510383704S1308P594835	360	104,373	0	PT
93.399		0510674703S1229P588944	360	16,958	0	PT
93.399		0520070601S1188PO58753	360	3,626	0	PT
93.399		0520090601S1088P576432	360	2,763	0	PT
93.399		06-102736-04-S1265	360	269,007	0	PT
93.399		2003-3833-511683	360	(3,954)	0	PT
93.399		5-40255-G4	360	1,680	0	PT
93.399		K-013506-UW	360	61,267	0	PT
93.399		NWLR-20/66-8451	360	1,657	0	PT
93.399		NWLR-21 AM06	360	20,972	0	PT
93.399		OORA7102-UW-02 AM03	360	3,812	0	PT
93.399		PCPT 9352	360	5,597	0	PT
93.399		PO# 0000607440	360	77,546	0	PT
93.399		SA0400147 P.O.510385	360	(1)	0	PT
93.399		SA0500232	360	1,738	0	PT
93.399		SA0500242	360	739	0	PT
93.399		SA0500257	360	7,134	0	PT
93.399		SA0600267	360	8,720	0	PT
93.399		SA0600355	360	8,882	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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93.399	Cancer Control	SA0600394	360	2,378	0	PT
93.399		SELECT-04008	360	(1,656)	0	PT
93.399		SELECT-05008	360	54,330	0	PT
93.399		UW BUD# 630001	360	28,786	0	PT
93.399		UW BUD# 630214	360	56,793	0	PT
93.399		UW BUD# 661844	360	56,772	0	PT
93.399			365	527,695	3,904	
	Federal Program 93.399 Total			**4,322,552**	**378,276**	
	National Cancer Institute, Nat'l Institutes of Hlt Total			**39,227,067**	**3,701,772**	
93.564	Child Support Enforcement - Research		300	12,281	0	
	Federal Program 93.564 Total			**12,281**	**0**	
93.575	Child Care & Dev-Block Grnt	WSU000155	365	4,653	0	PT
93.575		WSU000156	365	5,434	0	PT
93.575		WSU000220	365	31,274	0	PT
93.575		WSU000233	365	30,220	0	PT
93.575		WSU00221	365	23,234	0	PT
	Federal Program 93.575 Total			**94,815**	**0**	
93.596	Child Care Mandatory & Matching Funds	WSU000146	365	(5,328)	0	PT
	Federal Program 93.596 Total			**(5,328)**	**0**	
93.608	Child Welfare Research & Demo		300	165,445	0	
	Federal Program 93.608 Total			**165,445**	**0**	
	Administration for Children and Families Total			**267,213**	**0**	
93.647	Social Services Reserch & Demo		303	213,282	181,371	
93.647			360	221	0	
	Federal Program 93.647 Total			**213,503**	**181,371**	
	Off of Policy & Evaluation, Adm for Children & Fam Total			**213,503**	**181,371**	
93.779	Ctrs f/ Medicare & Medicaid Services (CMS) Rsch, D		160	569,840	0	
93.779			300	609,683	0	
93.779			302	616,759	0	
	Federal Program 93.779 Total			**1,796,282**	**0**	
	Health Care Financing Administration Total			**1,796,282**	**0**	

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93.837	Heart & Vascular Disease Resch		360	40,813,206	2,903,913	
93.837		01; 1 R43 HL083578-01	360	1,245	0	PT
93.837		05-200915-01-S1126	360	(3,587)	0	PT
93.837		06-200915-02-S1315	360	111,164	0	PT
93.837		12.8044 AM 02	360	713,778	0	PT
93.837		19537-UW	360	5,244	0	PT
93.837		2 FRAM 761-03, AM03	360	639,165	0	PT
93.837		2 R44 HL 07030356	360	29,988	0	PT
93.837		20636-02-01	360	(6,335)	0	PT
93.837		20636-03-01	360	84,962	0	PT
93.837		20636-04-01 MOD. 1	360	6,921	0	PT
93.837		40150, MOD #3	360	19,378	0	PT
93.837		54346 AM01	360	66,445	0	PT
93.837		8402-14575-2, MOD 2	360	20,210	0	PT
93.837		8607-93920-X	360	8,225	0	PT
93.837		9-526-5210	360	38,024	0	PT
93.837		CSMC PO# 382289	360	193,144	0	PT
93.837		F009109, AMEND # 3	360	22,350	0	PT
93.837		FO11689 AMEND 1	360	35,461	0	PT
93.837		FY05.001.012 UWASH YR2	360	43,996	0	PT
93.837		FY05.001.012, AMEND #1	360	206,815	0	PT
93.837		HL 12.8044.C-UOFW, AM2	360	147,724	0	PT
93.837		MOA R01HL069003-01A1	360	(2,860)	0	PT
93.837		PO 101389 MOD 2	360	20,349	0	PT
93.837		PO 101389, MOD 1	360	1,295	0	PT
93.837		PO 10222708-003	360	22,768	0	PT
93.837		PO 392001,MOD 2	360	47,890	0	PT
93.837		PO# 754074	360	70,831	0	PT
93.837		Q6636266907	360	20,468	0	PT
93.837		S6636266906	360	22,255	0	PT
93.837		UMMC-02-66141, AM03	360	148,509	0	PT
93.837		UW BUD# 630548	360	1,260	0	PT
93.837		UW BUD# 660458	360	13,823	0	PT
93.837		UW BUD# 662678	360	198,909	0	PT
93.837		UW BUD# 668079	360	136,333	0	PT
93.837		UW BUD# 668883	360	1,000	0	PT

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93.837	Heart & Vascular Disease Resch	UW BUD# 668945	360	29,336	0	PT
93.837		UW BUD# 668946	360	30,000	0	PT
93.837		UW BUD# 669804	360	57,247	0	PT
93.837		UW BUD# 669966	360	37,535	0	PT
93.837		WFUHS 10120	360	4,969	0	PT
93.837			365	1,610,544	173,794	
	Federal Program 93.837 Total			**45,669,984**	**3,077,707**	
93.838	Lung Diseases Research		360	10,583,194	163,550	
93.838		0000606012	360	74,158	0	PT
93.838		00481-05-03	360	26,943	0	PT
93.838		04-0003	360	14,845	0	PT
93.838		1 R01 HL 072938-01	360	15,334	0	PT
93.838		106908-2	360	5,084	0	PT
93.838		106908-3	360	7,227	0	PT
93.838		PO 29161Q / WU-04224	360	53,208	0	PT
93.838		PO 29161Q/WU-04-224 A1	360	271,450	0	PT
93.838		SUB#7	360	58,749	0	PT
93.838		UW BUD# 664314	360	17,045	0	PT
93.838		UW BUD# 666674	360	1,401	0	PT
93.838		UW BUD# 668844	360	81,159	0	PT
93.838		WFUHS17168 AMD#1	360	97,113	0	PT
93.838		WFUHS17168 AMD#2	360	9,497	0	PT
93.838		WU-06-01/ PO# 29951G	360	100,570	0	PT
	Federal Program 93.838 Total			**11,416,977**	**163,550**	
93.839	Blood Diseases & Resources Rsc		360	9,657,781	1,813,764	
93.839		04-103544-03-S0914	360	(11,547)	0	PT
93.839		05-103544-04-S1175	360	6,275	0	PT
	Federal Program 93.839 Total			**9,652,509**	**1,813,764**	
	Nat'l Heart, Lung & Blood Institute, NIH, PHS Total			**66,739,470**	**5,055,021**	
93.846	Arthritis Skin Disease Resch		360	11,118,854	530,641	
93.846		13458140-30300-B-AM01	360	24,546	0	PT
93.846		2105088 /R01-AR46303	360	(2,568)	0	PT
93.846		2105088, AM03	360	2,364	0	PT
93.846		5-34061	360	244	0	PT

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93.846	Arthritis Skin Disease Resch	8407-50967-1, AM01	360	55,733	0	PT
93.846		8407-50967-1, AMD2	360	11,190	0	PT
93.846		8407-50967-X	360	(10,374)	0	PT
93.846		PER NOGA, SITE #1	360	3,600	0	PT
93.846		R01 AR049373-03 AMEND1	360	14,561	0	PT
93.846		RO1 AR 49373-04 DATA	360	141,358	0	PT
93.846			365	123,571	0	
	Federal Program 93.846 Total			**11,483,079**	**530,641**	
	Nat'l Instit of Arthritis & Musculoskeletal & Skin Total			**11,483,079**	**530,641**	
93.847	Diabetes, Endoc & Metabolism		360	11,607,316	1,893,996	
93.847		03C21PTA233013CCLS2018	360	(352)	0	PT
93.847		04-D16,MOD 1	360	(722)	0	PT
93.847		04-E075U01DK06105504	360	2,414	0	PT
93.847		04E08PTA233014CCLS2022	360	8,817	0	PT
93.847		05B07PRI5U01DK06105505	360	57,761	0	PT
93.847		05C02UNDER5U01DK048489	360	287,409	0	PT
93.847		05E07PRI5U01DK06105505	360	186,796	0	PT
93.847		05E08PRI5U01DK06105505	360	312,955	0	PT
93.847		06-D20	360	177,777	0	PT
93.847		5-U01-DK61055	360	2,916	0	PT
93.847		5C02UNDR5U01DK04848912	360	678,893	0	PT
93.847		5D19PRME5U01DK06123004	360	356,609	0	PT
93.847		70016-048141-100, AM1	360	50,558	0	PT
93.847		CS121IM	360	1,179	0	PT
93.847		CS121UM	360	2,373	0	PT
93.847		FY06.051.004	360	96,058	0	PT
93.847			365	638,340	171,583	
	Federal Program 93.847 Total			**14,467,097**	**2,065,579**	
93.848	Digestve Disease-Nutritn Resch		360	6,243,266	294,308	
93.848		109394-1	360	5,546	0	PT
93.848		29450G WU-03-108 AM02	360	18,181	0	PT
93.848		5 R01 DK56924-04 A2	360	68,156	0	PT
93.848		5-52022	360	3,252	0	PT
93.848		GMO 900069, MOD05	360	(16)	0	PT

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93.848	Digestve Disease-Nutritn Resch	GMO 900069, MOD06	360	16	0	PT
93.848		GMO 900077 MOD5	360	(2,422)	0	PT
93.848		J748D, AM NO. 3	360	8,924	0	PT
93.848		NONE, AM03	360	(2)	0	PT
93.848		NONE, AM05	360	73,294	0	PT
93.848		S6636457102 AMD#02	360	88,495	0	PT
93.848		U01 DK57136 AMEND 8	360	548,735	0	PT
93.848		UW BUD# 660300	360	43,657	0	PT
93.848			365	782,822	64,641	
	Federal Program 93.848 Total			**7,881,904**	**358,949**	
93.849	Kidney,Urology,Hematology Resc		360	7,227,135	653,915	
93.849		0000601228	360	57,842	0	PT
93.849		2302152	360	37,902	0	PT
93.849		2302152, AMEND #1	360	19,079	0	PT
93.849		29618S/WU-02-85, AM04	360	464,713	0	PT
93.849		520638/PO P650227	360	70,699	0	PT
93.849		522887/PO P525781	360	(15,006)	0	PT
93.849		524580/PO P577547	360	12,240	0	PT
93.849		UW BUD# 668667	360	450,928	0	PT
93.849			365	25,799	0	
	Federal Program 93.849 Total			**8,351,331**	**653,915**	
	Nat'l Instit of Diabetes, Digestive & Kidney Disea Total			**30,700,332**	**3,078,443**	
93.853	Extrmurl Resch in Neuroscience & Neurolog Disordrs		360	17,663,665	557,271	
93.853		00RA5135	360	(438)	0	PT
93.853		1 R01 NS045085 AMEND 4	360	33,082	0	PT
93.853		117006/115709 AM03	360	36,572	0	PT
93.853		2017, AMENDMENT #1	360	49,469	0	PT
93.853		2085-01 AM 03	360	89,757	0	PT
93.853		4-63683-02-020 AM03	360	25,185	0	PT
93.853		4000534513 AMEND. 7	360	244,977	0	PT
93.853		41507-00 05 A	360	14,524	0	PT
93.853		9235-R	360	126,267	0	PT
93.853		9235-R, MOD #2	360	(8,604)	0	PT
93.853		AMND #6, INDEX #103701	360	92,461	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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93.853	Extrmurl Resch in Neuroscience & Neurolog Disordrs	ARIA 07958	360	29,232	0	PT
93.853		GPHY00063A, AM04	360	9,863	0	PT
93.853		P021-040-N151-1105 M2	360	3,202	0	PT
93.853		P808,A03	360	36,152	0	PT
93.853		PO #4000517671 AM06	360	61,361	0	PT
93.853		PO #4600507997	360	49,495	0	PT
93.853		PO 1000534513	360	25,051	0	PT
93.853		PO 10230945-002	360	17,127	0	PT
93.853		PO 40000507969	360	5,788	0	PT
93.853		PO 4600507997, AM01	360	11,463	0	PT
93.853		PO#8111-66874-8	360	68,658	0	PT
93.853		RX 4265-032-UWASH M1	360	(204)	0	PT
93.853		SUBGRANT 1, AM02	360	3,857	0	PT
93.853		UF04007	360	2,001	0	PT
93.853		UF05095	360	530	0	PT
93.853		UKRF 4-63683-00324 AM4	360	535	0	PT
93.853		UW BUD# 661753	360	1,156	0	PT
93.853		UW BUD# 667578	360	96	0	PT
93.853		UW-04-117, PO 29004P	360	2,317	0	PT
93.853		WU-04-275	360	9,145	0	PT
93.853		WU-06-12, PO 29150H	360	26,945	0	PT
93.853		WU-06-42	360	56,384	0	PT
93.853			365	1,489,240	36,615	
93.853		8410671	365	4	0	PT
93.853		95265672	365	25,752	0	PT
	Federal Program 93.853 Total			**20,302,067**	**593,886**	
	Nat'l Instit of Neurological Disorders & Stroke, N Total			**20,302,067**	**593,886**	
93.855	Allergy, Immunology & Transplt		360	17,496,192	707,867	
93.855		0000600206	360	16,708	0	PT
93.855		0000600209	360	30,021	0	PT
93.855		0000602729	360	26,868	0	PT
93.855		05-201353-01-S1193	360	5,282	0	PT
93.855		203, AMEND# 1	360	236,550	0	PT
93.855		219866	360	386	0	PT
93.855		HR7659.149405UWON M1	360	37,951	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.855	Allergy, Immunology & Transplt		365	426,300	0	
	Federal Program 93.855 Total			**18,276,258**	**707,867**	
93.856	Microbio & Infectious Diseases		360	40,188,803	8,233,695	
93.856		#WU-04-40	360	78,321	0	PT
93.856		0000603580	360	154,488	0	PT
93.856		0000605365	360	12,583	0	PT
93.856		0000610121	360	43,931	0	PT
93.856		0000610124	360	40,442	0	PT
93.856		0000610126	360	30,248	0	PT
93.856		0000610132	360	33,694	0	PT
93.856		0000610139	360	35,760	0	PT
93.856		0000610175	360	65,549	0	PT
93.856		0254-6831-4609	360	10,020	0	PT
93.856		04-103864-02-S0975	360	(13)	0	PT
93.856		04-104-823-02S0916 AM1	360	(2,122)	0	PT
93.856		04-104559-04-S0452	360	(966)	0	PT
93.856		04-104820-02-S0915	360	(2,074)	0	PT
93.856		04-104821-02-S100	360	(119)	0	PT
93.856		04-104826-02-S0918 AM1	360	(24)	0	PT
93.856		04-104827-02-S0917 AM1	360	(6,092)	0	PT
93.856		04-104848-02-S0958	360	(17,718)	0	PT
93.856		04-104901-05-S0773, A2	360	101,020	0	PT
93.856		04-104903-05-S0869	360	56,489	0	PT
93.856		04-106153-05-S0967	360	421,693	0	PT
93.856		04-108164-05-S0974 AM1	360	8,176	0	PT
93.856		0410490305S0830P055702	360	121,039	0	PT
93.856		0410490705S0774P552738	360	2,142,039	0	PT
93.856		05-103223-05-S1183 AM1	360	64,849	0	PT
93.856		05-104559-05-S0981	360	124,143	0	PT
93.856		05-104559-05-S1162 A1	360	43,368	0	PT
93.856		05-104821-03-S1202	360	99,386	0	PT
93.856		05-104826-03-S1207	360	56,996	0	PT
93.856		05-104827-03-S1209	360	202,476	0	PT
93.856		05-200198-02-S0997	360	280	0	PT
93.856		05-200675-01-S0995	360	10,022	0	PT

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93.856	Microbio & Infectious Diseases	051042304S1164P0583312	360	50,589	0	PT
93.856		0510482303S1204P587665	360	281,508	0	PT
93.856		0510482503S1205P587677	360	124,059	0	PT
93.856		0510484803S1181P586400	360	153,020	0	PT
93.856		0510816405S1366P596562	360	473,167	0	PT
93.856		0510828104S1245PO58297	360	100,846	0	PT
93.856		06-200675-02-S1349	360	102,254	0	PT
93.856		06-20111701S1388P59663	360	27,797	0	PT
93.856		0620153201S1363P596426	360	23,610	0	PT
93.856		06284002AW1U19AI066328	360	98,159	0	PT
93.856		110561-3	360	20,925	0	PT
93.856		113911.0007,AMEND 01	360	14,912	0	PT
93.856		121851-121076	360	16,093	0	PT
93.856		1556 G FD985	360	8,876	0	PT
93.856		2003-4907-497723	360	(1,062)	0	PT
93.856		203	360	7,312	0	PT
93.856		204VC001 MOD04	360	321,913	0	PT
93.856		26-3301-4428	360	234,166	0	PT
93.856		26-3301-6402, MOD#5*	360	16,115	0	PT
93.856		26-3301-6403,MOD07	360	32,651	0	PT
93.856		26-3301-6411, MOD02	360	(3,451)	0	PT
93.856		3573SC, AMEND#3	360	2,841	0	PT
93.856		668292 PO M746822	360	75	0	PT
93.856		8007-31363-1, MOD04	360	153	0	PT
93.856		DS 589, AM05	360	(7,235)	0	PT
93.856		DS589 AMD # 6	360	102,679	0	PT
93.856		DS607 AM04	360	107,684	0	PT
93.856		G-4727-2	360	130,640	0	PT
93.856		G-4727-2 AM01	360	130,770	0	PT
93.856		GMO-400421, MOD 2	360	126,624	0	PT
93.856		P0 8005-26978-5 MOD04	360	(4,334)	0	PT
93.856		P0129A-01, AM04	360	86,567	0	PT
93.856		PACTG.25.202CL.04	360	(2,815)	0	PT
93.856		PO #M746822	360	38,188	0	PT
93.856		SRS#19372, SAP#1001744	360	47,726	0	PT
93.856		UW BUD# 630172	360	42,748	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Health & Human Services Dept

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93.856	Microbio & Infectious Diseases	UW BUD# 630601	360	306	0	PT
93.856		UW BUD# 660021	360	601,381	0	PT
93.856		UW BUD# 660045	360	174,953	0	PT
93.856		UW BUD# 660174	360	297,224	0	PT
93.856		UW BUD# 668214	360	(2,082)	0	PT
93.856		UW-1450	360	17,813	0	PT
93.856		UW-1555	360	5,200	0	PT
93.856		UW1503-01 MOD. #5	360	73,312	0	PT
93.856		V01A146702-05	360	(8,699)	0	PT
93.856		WU-05-03 PO#29664Q	360	4,309	0	PT
93.856		WU-06-287*	360	2,171	0	PT
93.856			365	1,906,493	0	
93.856		S050053	365	220,482	0	PT
93.856		UFO3039	365	81,352	0	PT
93.856		WU036	365	23,190	0	PT
	Federal Program 93.856 Total			**50,419,862**	**8,233,695**	
	Nat'l Instit of Allergy & Infectious Diseases, NIH Total			**68,696,120**	**8,941,562**	
93.859	Pharmacology, Physiology & Biologcl Chem		360	33,705,173	2,301,284	
93.859		10110063-3-31912 AM#1	360	(18)	0	PT
93.859		1038499-3-31912	360	119,072	0	PT
93.859		113936	360	21,892	0	PT
93.859		15360-S2 AM04	360	33,132	0	PT
93.859		1990-0815-05	360	34,715	0	PT
93.859		5 U54 GM62119-04	360	345,478	0	PT
93.859		FY04,001.006	360	(1,056)	0	PT
93.859		FY04,01-006 AMEND. #2	360	47,787	0	PT
93.859		FY05,001.014 AM01 YR03	360	12,099	0	PT
93.859		R-2004-001	360	6,921	0	PT
93.859		S0175928	360	88,267	0	PT
93.859		S0175928 AM01	360	17,658	0	PT
93.859		U54 GM 62119 MOD04	360	92,459	0	PT
93.859		U54 GM62119 MOD3	360	82,964	0	PT
93.859			365	2,207,877	0	
93.859		20030013	365	4,051	0	PT
93.859		4302119	365	110,429	0	PT

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Health & Human Services Dept

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.859	Pharmacology, Physiology & Biologcl Chem		376	94,872	0	
93.859			380	32,390	7,175	
93.859		1019383/1/22583	380	7,175	0	PT
	Federal Program 93.859 Total			**37,063,337**	**2,308,459**	
	Nat'l Institute of General Medical Sciences, NIH, Total			**37,063,337**	**2,308,459**	
93.865	Natl Instit of Child Hlth & Human Devlpmnt Extramural Rsch	5 R01 HD39689-04	300	33,200	0	PT
93.865			360	26,621,731	2,956,674	
93.865		03.81804	360	10,382	0	PT
93.865		0520052502S1190P587899	360	100,386	0	PT
93.865		2005-5638-01 AM01	360	14,211	0	PT
93.865		40143	360	15,011	0	PT
93.865		5	360	25,521	0	PT
93.865		5 P01 HD 022657-20	360	91,062	0	PT
93.865		6	360	15,794	0	PT
93.865		606172A AMD 01	360	42,967	0	PT
93.865		7 RO1HD04172403YR1SUB4	360	2,303	0	PT
93.865		A04738	360	(1,797)	0	PT
93.865		AG #36 RGF000038	360	28,203	0	PT
93.865		CSMC PO# 316512	360	(611)	0	PT
93.865		FY2001-079, MOD05	360	(61)	0	PT
93.865		HR.7659.107402UW	360	(4,679)	0	PT
93.865		P.S 3748	360	166,923	0	PT
93.865		PN-WILM-FNIH9621.06 M3	360	699	0	PT
93.865		PN-WILM-FNIH9621.06 M4	360	39,426	0	PT
93.865		PN-WILMFNIH9621.06 MO5	360	39,882	0	PT
93.865		PO#22350 AM01	360	(18)	0	PT
93.865		PO#364692	360	92,468	0	PT
93.865		UW BUD# 630559	360	1,478	0	PT
93.865		UW BUD# 661033	360	24,974	0	PT
93.865		UW BUD# 671137	360	101,313	0	PT
93.865		UW-1061	360	154,321	0	PT
93.865			365	2,507,238	22,531	
93.865		0600370A5741229	365	48,497	0	PT
93.865		4600415659	365	186,170	0	PT
93.865		F014757	365	18,681	0	PT

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93.865	Natl Instit of Child Hlth & Human Devlpmnt Extramural Rsch	WSU000164	365	65,866	0	PT
93.865			380	95,525	0	
	Federal Program 93.865 Total			**30,537,066**	**2,979,205**	
	Nat'l Instit of Child Hlth & Human Develpmnt, NIH, Total			**30,537,066**	**2,979,205**	
93.866	Aging Research		360	23,499,866	7,001,271	
93.866		05-SC-NIH-1047	360	191,900	0	PT
93.866		06-201653-01-S1377	360	36,716	0	PT
93.866		08-00-01	360	2,997	0	PT
93.866		101002-4 AM04	360	(226)	0	PT
93.866		10229917-003	360	163,419	0	PT
93.866		109452-1	360	102,859	0	PT
93.866		139170, AMENDMENT #4	360	10,517	0	PT
93.866		1595-G-FC699	360	25,438	0	PT
93.866		2003-1338	360	18,890	0	PT
93.866		2803204-S021	360	29,059	0	PT
93.866		2803240-SO21, AMEND 1	360	224,452	0	PT
93.866		3065-UW-DHHS-4102	360	11,868	0	PT
93.866		40151	360	463,334	0	PT
93.866		40152	360	17,911	0	PT
93.866		5-44030	360	230,651	0	PT
93.866		50051UW	360	(2,906)	0	PT
93.866		545901	360	3,966	0	PT
93.866		5U01 AG06781	360	38,372	0	PT
93.866		CSA-19 MOD01	360	58,257	0	PT
93.866		CSI-19	360	2,541	0	PT
93.866		CSI-20	360	2,541	0	PT
93.866		DHHSTPSUUW080551264AM9	360	26,717	0	PT
93.866		F009587 AM02	360	10,325	0	PT
93.866		F009684 AM01	360	(5,115)	0	PT
93.866		F09684 AM03	360	342,383	0	PT
93.866		FY06.001.006 AMDEND 2	360	109,543	0	PT
93.866		GNEURO283A4 A	360	13,100	0	PT
93.866		GNEURO306A(I)	360	30,718	0	PT
93.866		PO #30000416065	360	4,786	0	PT
93.866		PO 10229917-002	360	6,817	0	PT

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93.866	Aging Research	PO 10229917-003	360	30,724	0	PT
93.866		QL 1-14	360	7,690	0	PT
93.866		R01 AG 23195-02	360	6,809	0	PT
93.866		R01 AG 23195-03 U WASH	360	30,960	0	PT
93.866		R01 AG023027, MOD. #2	360	21,614	0	PT
93.866		SPS#132271, DS794 AM03	360	45,278	0	PT
93.866		STEPHAN 03 05,	360	27,808	0	PT
93.866		STEPHAN 03 05, MOD02	360	7,303	0	PT
93.866		UW BUD# 661128	360	23,808	0	PT
93.866			365	204,279	6,073	
93.866		FY2002087M2	365	(133)	0	PT
93.866		FY2002087M3	365	23,316	0	PT
93.866			380	27,000	0	
	Federal Program 93.866 Total			**26,128,152**	**7,007,344**	
	National Institute on Aging, NIH, PHS Total			**26,128,152**	**7,007,344**	
93.867	Vision Research		360	8,395,266	93,797	
93.867		5 RO1 EY006069-19	360	(426)	0	PT
93.867		5 RO1 EY006069-20	360	15,163	0	PT
93.867		9-29-03,	360	10,788	0	PT
93.867		UF03077	360	(6,433)	0	PT
93.867		UW BUD# 666430	360	(851)	0	PT
93.867			365	643,932	25,766	
93.867		J709	365	35,856	0	PT
	Federal Program 93.867 Total			**9,093,295**	**119,563**	
	National Eye Institute, NIH, PHS Total			**9,093,295**	**119,563**	
93.894	Enviro Sci-Resource/Manpwr Dev		360	2,420,465	30,663	
	Federal Program 93.894 Total			**2,420,465**	**30,663**	
	Nat'l Instit of Envirnmtl Hlth Sci, Nat'l Instits Total			**2,420,465**	**30,663**	
93.933	Demonstration Projects for Indian Health	ANTHC-02-U-4060, MOD03	360	1,445	0	PT
	Federal Program 93.933 Total			**1,445**	**0**	
	Indian Health Service, PHS Total			**1,445**	**0**	
93.978	PHS-Sex Trans Disease Research		360	483,346	10,500	

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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
	Federal Program 93.978 Total			**483,346**	**10,500**	
	Centers for Disease Control & Prevention, PHS Total			**483,346**	**10,500**	
	Health & Human Services Dept Total			**480,822,619**	**50,305,025**	
Research and Development Total				**708,552,559**	**70,208,891**	

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Student Financial Aid

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.007	Supplemental Ed Opport Grants		360	2,149,175	0	
84.007			365	1,190,396	0	
84.007			370	399,523	0	
84.007			375	375,807	0	
84.007			376	276,965	0	
84.007			699	3,697,584	0	
	Federal Program 84.007 Total			**8,089,450**	**0**	
84.032	Federal Family Education Loans		365	105,349,773	0	AL
84.032			370	43,270,758	0	AL
84.032			376	17,730,024	0	AL
84.032			380	14,794,944	0	AL
84.032			699	68,598,759	0	AL
	Federal Program 84.032 Total			**249,744,258**	**0**	
84.033	Federal Work-Study Program		360	2,196,663	0	
84.033			365	999,265	0	
84.033			370	359,887	0	
84.033			375	436,567	0	
84.033			376	371,679	0	
84.033			380	487,369	0	
84.033			699	4,566,713	0	
	Federal Program 84.033 Total			**9,418,143**	**0**	
84.038	Federal Perkins Loan Program		360	1,133,402	0	
84.038			360	49,487,571	0	OL
84.038			365	18,920,027	0	OL
84.038			370	5,927,324	0	OL
84.038			370	136,169	0	
84.038			375	7,106,529	0	OL
84.038			376	3,759,386	0	OL
84.038			380	7,918,578	0	OL
84.038			380	115,473	0	
84.038			699	208,304	0	
84.038			699	2,203,650	0	OL
	Federal Program 84.038 Total			**96,916,413**	**0**	
84.063	Federal Pell Grant Program		360	17,055,310	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, 2006
(Expressed in whole dollars)

Student Financial Aid

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.063	Federal Pell Grant Program		365	13,206,494	0	
84.063			370	8,422,016	0	
84.063			375	6,653,366	0	
84.063			376	4,453,714	0	
84.063			380	7,121,059	0	
84.063			699	99,375,709	0	
	Federal Program 84.063 Total			**156,287,668**	**0**	
84.268	Federal Direct Student Loans (Direct Loan)		360	145,476,248	0	AL
84.268			375	42,521,958	0	AL
84.268			380	32,118,306	0	AL
84.268			699	23,835,873	0	AL
	Federal Program 84.268 Total			**243,952,385**	**0**	
	Dept of Education Total			**764,408,317**	**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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June 30, 2006
(Expressed in whole dollars)

Student Financial Aid

Health & Human Services Dept

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.342	Health Profesnl Student Loans (HPSL / PCL / LDS)		360	7,872,262	0	OL
93.342			360	(564,013)	0	
93.342			365	3,892	0	
93.342			365	1,972,349	0	OL
	Federal Program 93.342 Total			**9,284,490**	**0**	
93.364	Nursing Student Loans		360	1,420,754	0	OL
93.364			365	1,051,473	0	OL
93.364			699	5,158	0	OL
	Federal Program 93.364 Total			**2,477,385**	**0**	
93.925	Scholar Hlth Students - Disadv		365	25,895	0	
93.925			370	244,382	0	
	Federal Program 93.925 Total			**270,277**	**0**	
	Health & Human Services Dept Total			**12,032,152**	**0**	

Student Financial Aid Total **776,440,469** **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

For the Year Ended
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(Expressed in whole dollars)

Food Stamp

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.551	Food Stamps (C)		300	609,717,976	0	NC
	Federal Program 10.551 Total			**609,717,976**	**0**	
10.561	State Admin Match- Food Stamps		300	44,200,787	2,682,442	
	Federal Program 10.561 Total			**44,200,787**	**2,682,442**	
	Dept of Agriculture Total			**653,918,763**	**2,682,442**	
Food Stamp Total				**653,918,763**	**2,682,442**	

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, 2006
(Expressed in whole dollars)

Emergency Food Assistance

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
10.568	Temp Emerg Food Assist - Admin		150	1,304,632	1,075,217	
	Federal Program 10.568 Total			**1,304,632**	**1,075,217**	
10.569	Temp Emergency Food Assist		150	1,977,511	0	NC
	Federal Program 10.569 Total			**1,977,511**	**0**	
	Dept of Agriculture Total			**3,282,143**	**1,075,217**	
Emergency Food Assistance Total				**3,282,143**	**1,075,217**	

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, 2006
(Expressed in whole dollars)

Child Nutrition

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.553	School Breakfast Program (A)		350	30,457,676	30,457,676	
	Federal Program 10.553 Total			**30,457,676**	**30,457,676**	
10.555	Nat'l School Lunch Program (A)		350	119,962,009	2,832,072	
	Federal Program 10.555 Total			**119,962,009**	**2,832,072**	
10.556	Spec Milk Pgm for Children		350	263,174	263,174	
	Federal Program 10.556 Total			**263,174**	**263,174**	
10.559	Summer Food Service Program		350	2,765,888	2,636,648	
	Federal Program 10.559 Total			**2,765,888**	**2,636,648**	
	Dept of Agriculture Total			**153,448,747**	**36,189,570**	
Child Nutrition Total				**153,448,747**	**36,189,570**	

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, 2006
(Expressed in whole dollars)

CDBG-Entitlmnt & (HUD) Sml Cities

Housing & Urban Development

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
14.218	Commun Dev Blk Grts/Entitlemnt	OPR20050510	365	30,222	0	PT
14.218		OPR200583	365	(6)	0	PT
14.218		536460,766	370	22,345	0	PT
	Federal Program 14.218 Total			**52,561**	**0**	
	Housing & Urban Development Total			**52,561**	**0**	
CDBG-Entitlmnt & (HUD) Sml Cities Total				**52,561**	**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, 2006
(Expressed in whole dollars)

Fish & Wildlife

Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.605	Sport Fish Restoration		477	6,171,978	0	
15.605		005-5065-S-Fish	477	1,442	0	PT
	Federal Program 15.605 Total			**6,173,420**	**0**	
15.611	Wildlife Restoration		477	5,056,863	0	
	Federal Program 15.611 Total			**5,056,863**	**0**	
	Dept of the Interior Total			**11,230,283**	**0**	
Fish & Wildlife Total				**11,230,283**	**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, 2006
(Expressed in whole dollars)

Employment Services

Dept of Labor

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
17.207	Employment Service/Wagner-Peyser Funded Activities		540	18,152,818	0	
	Federal Program 17.207 Total			**18,152,818**	**0**	
17.801	Disabled Vets Outreach Program		540	2,637,354	0	
	Federal Program 17.801 Total			**2,637,354**	**0**	
17.804	Local Vets Emplymnt Repres Pgm		540	2,041,145	0	
	Federal Program 17.804 Total			**2,041,145**	**0**	
	Dept of Labor Total			**22,831,317**	**0**	
Employment Services Total				**22,831,317**	**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, 2006
(Expressed in whole dollars)

WIA

Dept of Labor

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
17.258	WIA Adult Program		540	40,519,309	34,175,715	
17.258		Local Contract	540	3,489,722	0	PT
17.258			699	6,436	0	
17.258		145-111-3285	699	36,919	0	PT
17.258		6110-7624-15	699	3,976	0	PT
17.258		KC-368-05	699	31,994	0	PT
17.258		WDC-LF042 Mod#1	699	27,730	0	PT
17.258		Y4RTC-457NPY	699	122,902	0	PT
	Federal Program 17.258 Total			**44,238,988**	**34,175,715**	
17.259	WIA Youth Activities		540	20,598,508	20,598,508	
17.259		Local Contract	540	506,526	0	PT
17.259		6110-7624-15	699	3,976	0	PT
	Federal Program 17.259 Total			**21,109,010**	**20,598,508**	
17.260	WIA Dislocated Workers		354	244,360	0	
17.260			540	27,919,012	27,010,315	
17.260		Local Contract	540	7,726,233	0	PT
17.260			699	429,354	0	
17.260		6110-7624-15	699	3,976	0	PT
17.260		SS2005-01	699	10,452	0	PT
17.260		WDC-LF046 Mod #1	699	41,587	0	PT
	Federal Program 17.260 Total			**36,374,974**	**27,010,315**	
	Dept of Labor Total			**101,722,972**	**81,784,538**	

WIA Total **101,722,972** **81,784,538**

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)

Federal Transit

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.500	Federal Transit-Capital Investmnt Grants		380	400,330	0	
20.500			405	11,335,712	4,207,009	
	Federal Program 20.500 Total			**11,736,042**	**4,207,009**	
20.507	Federal Transit-Formula Grants		405	(97,757)	0	
	Federal Program 20.507 Total			**(97,757)**	**0**	
	Dept of Transportation Total			**11,638,285**	**4,207,009**	
Federal Transit Total				**11,638,285**	**4,207,009**	

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
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Highway Safety

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.600	State & Community Hghwy Safety		228	4,326,712	2,918,796	
20.600			360	433,173	0	
	Federal Program 20.600 Total			**4,759,885**	**2,918,796**	
20.601	Alcohol Traffic Safety&Drunk Drvg Prevention		228	789,169	736,998	
	Federal Program 20.601 Total			**789,169**	**736,998**	
20.602	Occupant Protection		228	1,290,920	1,290,920	
	Federal Program 20.602 Total			**1,290,920**	**1,290,920**	
20.603	Fed Highway Safety Data Improvmnts Incentive Grnts		228	145,015	145,015	
	Federal Program 20.603 Total			**145,015**	**145,015**	
20.604	Safety Incentive Grnts for Use of Seatbelts		228	1,665,640	1,637,136	
20.604		531775	370	3,800	0	PT
	Federal Program 20.604 Total			**1,669,440**	**1,637,136**	
	Dept of Transportation Total			**8,654,429**	**6,728,865**	

Highway Safety Total

8,654,429 **6,728,865**

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, 2006
(Expressed in whole dollars)

Special Education (IDEA)

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.027	Special Ed - State Grants		350	205,582,422	202,063,628	
	Federal Program 84.027 Total			**205,582,422**	**202,063,628**	
84.173	Special Ed - Preschool Grants		350	8,110,813	7,824,434	
	Federal Program 84.173 Total			**8,110,813**	**7,824,434**	
	Dept of Education Total			**213,693,235**	**209,888,062**	
Special Education (IDEA) Total				**213,693,235**	**209,888,062**	

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

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.042	TRIO - Student Support Services		360	450,676	0	
84.042			365	164,037	0	
84.042			370	352,226	0	
84.042			375	281,000	0	
84.042			376	284,014	0	
84.042			699	4,665,146	0	
	Federal Program 84.042 Total			**6,197,099**	**0**	
84.044	TRIO - Talent Search		360	293,798	0	
84.044			699	1,045,799	0	
	Federal Program 84.044 Total			**1,339,597**	**0**	
84.047	TRIO - Upward Bound		360	412,112	0	
84.047			365	673,457	0	
84.047			376	453,807	0	
84.047			699	1,867,698	0	
	Federal Program 84.047 Total			**3,407,074**	**0**	
84.066	TRIO - Educational Opportunity Centrs		360	219,909	0	
84.066			375	255,759	0	
	Federal Program 84.066 Total			**475,668**	**0**	
84.217	TRIO-McNair Post-Baccalaureate Achv		360	233,819	0	
84.217			365	212,243	0	
84.217			370	209,311	0	
	Federal Program 84.217 Total			**655,373**	**0**	
84.344	TRIO - Dissemination Partnership Grants		699	201,374	0	
	Federal Program 84.344 Total			**201,374**	**0**	
	Dept of Education Total			**12,276,185**	**0**	
TRIO Total				**12,276,185**	**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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Aging

Health & Human Services Dept

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.044	Spec Pgms Aging Title III Pt B		300	8,454,621	7,931,927	
	Federal Program 93.044 Total			**8,454,621**	**7,931,927**	
93.045	Spec Pgms Aging Title III Pt C		300	8,791,296	8,791,297	
	Federal Program 93.045 Total			**8,791,296**	**8,791,297**	
93.053	Nutitional Services Incentive Program		300	1,781,578	1,781,577	
	Federal Program 93.053 Total			**1,781,578**	**1,781,577**	
	Health & Human Services Dept Total			**19,027,495**	**18,504,801**	
Aging Total				**19,027,495**	**18,504,801**	

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, 2006
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CCDF

Health & Human Services Dept

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.575	Child Care & Dev-Block Grnt		300	138,594,038	0	
93.575		831-7558-223-2094226	360	(10,823)	0	PT
93.575		951-7558-223-2004900	360	26,239	0	PT
	Federal Program 93.575 Total			**138,609,454**	**0**	
93.596	Child Care Mandatory & Matching Funds		300	84,906,380	0	
	Federal Program 93.596 Total			**84,906,380**	**0**	
	Health & Human Services Dept Total			**223,515,834**	**0**	
CCDF Total				**223,515,834**	**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, 2006
(Expressed in whole dollars)

Medicaid

Health & Human Services Dept

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.775	State Medicaid Fraud Control		100	1,381,045	0	
	Federal Program 93.775 Total			**1,381,045**	**0**	
93.777	Hlth Care Prvdrs Srvy & Certif		300	7,581,810	0	
93.777			303	1,174,486	0	
	Federal Program 93.777 Total			**8,756,296**	**0**	
93.778	Medical Assistance Program		300	3,111,690,655	92,327,114	
93.778			305	5,459,170	0	
	Federal Program 93.778 Total			**3,117,149,825**	**92,327,114**	
	Health & Human Services Dept Total			**3,127,287,166**	**92,327,114**	
Medicaid Total				**3,127,287,166**	**92,327,114**	

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, 2006
(Expressed in whole dollars)

Schools & Roads

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.665	School & Roads Grants to State		005	41,821,435	0	
	Federal Program 10.665 Total			**41,821,435**	**0**	
	Dept of Agriculture Total			**41,821,435**	**0**	
Schools & Roads Total				**41,821,435**	**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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Disability Insurance/SSI

Social Security Administration

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
96.001	Social Sec-Disability Ins		300	33,360,715	0	
	Federal Program 96.001 Total			**33,360,715**	**0**	
	Social Security Administration Total			**33,360,715**	**0**	
Disability Insurance/SSI Total				**33,360,715**	**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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Highway Planning & Construction

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.205	Highway Planning & Constructn	STPE9999	390	267,670	0	PT
20.205			405	558,702,259	176,755,402	
	Federal Program 20.205 Total			**558,969,929**	**176,755,402**	
	Dept of Transportation Total			**558,969,929**	**176,755,402**	
Highway Planning & Construction Total				**558,969,929**	**176,755,402**	

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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Public Works & Economic 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
11.300	Grnts for Public Works & Econ Develpmt Facilities		380	28,804	0	
	Federal Program 11.300 Total			**28,804**	**0**	
	Dept of Commerce Total			**28,804**	**0**	
Public Works & Economic Development Total				**28,804**	**0**	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Homeland Security

Homeland Security

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
97.004	State Domestic Preparedness Equipt Supprt Prog		245	33,143,774	32,105,728	
	Federal Program 97.004 Total			**33,143,774**	**32,105,728**	
	Homeland Security Total			**33,143,774**	**32,105,728**	
Homeland Security Total				**33,143,774**	**32,105,728**	

Total Federal Assistance	**9,551,215,088**	**1,415,299,580**

Footnotes:
NC - Expenditure amount noncash in nature
PT - Expenditure, Pass-through in nature (federal funds received through another nonfederal entity).
AL - Loan Amount (total annual loan issuance activity).

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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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 basic 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 food stamps, 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. Solicited contracts between the State and federal agencies for which the State provides tangible goods or services, acting as a vendor, are not considered to be federal assistance.

- 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.

- Cluster of Programs - Closely related programs with different CFDA numbers that share common compliance requirements are to be considered a cluster of programs. The only program clusters presented on the Schedule are those mandated by OMB in the most recent Circular A-133 *Compliance Supplement* (March 2006). No expenditures of federal awards were recorded in seven of the mandated clusters in the report year:

  1. Rural Rental Housing
  2. Section 8 Project-Based
  3. National Farmworker Jobs Program
  4. Bilingual Education
  5. Foster Grandparent/Senior Companion
  6. Foreign Food Donation
  7. Native American Employment and Training

  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."

Note B2: Reporting Entity - The State reporting entity is fully described in Note 1A of the State's basic financial statements. The Schedule includes all federal assistance programs administered by the State for the fiscal year ended June 30, 2006.

Note B3: Basis of Accounting - Federal assistance programs included in the Schedule are reported in the State's basic 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 of the State's basic 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. No expenditures are recorded in the state operating agencies and institutions. A total of $ 1,663,996 was recovered for state central service costs for the year ended June 30, 2006.

- Matching Costs - The Schedule does not include matching expenditures with the exception specified in Note C.

- Non-monetary Assistance - The Schedule contains values for several non-monetary assistance programs (identified with an NC).

  1. The **Food Stamp** program is administered through Electronic Benefit cards that provide each eligible client with an authorized limit of service (purchase of specific food products). The dollar expenditure reported for the Food Stamp program consists of actual disbursements for client purchases of authorized food products via the EBT card program.

  2. The **Commodities and Immunization Vaccine** 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 23.3% of the property's original acquisition value.

- Endowment, Loan and Loan Guarantee Programs – Additional information on federal endowment, federal loan, and federal loan guarantee programs is included in Footnote G. Amounts in Footnote G included in the Schedule of Expenditures of Federal Awards are indicated with an (**s**).

- Indirect (Pass-Through) Federal Assistance - The majority of the State's federal assistance is received directly from federal awarding agencies (i.e., the State is the primary recipient). However, agencies and institutions of the State 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.

- Federal Transactions Between State Agencies and Institutions - Some state agencies and institutions subaward federal assistance to other state agencies or institutions (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 basic 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 no longer included on the Schedule of Expenditures of Federal Awards. Due to the significance of the resources provided by this rebate activity, the following amounts are disclosed for the fiscal year ending June 30, 2006:

  10.557 - Special Supplemental Nutrition Program for WIC……$25,237,419
  (Infant Formula rebates provided by private companies)

  93.917 – HIV Care……..……. $3,326,246
  (Immunization rebates provided by private pharmaceutical companies)

- 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.

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, include:

State or Washington/Employer Funded……..	$ 686,453,851
Federal Funds……..	115,853,079
Total	$ 802,306,930

Note D: **Non-monetary Assistance Inventory**

As described previously in Note B3, non-monetary assistance is reported in the Schedule based on the amount disbursed. As of June 30, 2006, the following inventories of non-monetary assistance existed:

Assistance	Inventory Balance June 30, 2006
Food Commodities (10.550)……..……..	$ 2,042,523
Temp. Emergency Food Assistance (10.569)……..	157,237
Immunization Supplies (93.268)……..……	2,617,070
Total	$ 4,816,830

Note E: **Other Footnote Designations**

The following footnote codes are utilized in the Schedule of Expenditures of Federal Awards (far right column):

NC - Non-cash expenditures.

PT - Pass Through (expenditures of resources received from a nonfederal entity outside of the State entity which the nonfederal entity recognized as federal assistance).

AL - Value of loans made during the year.

OL - Value of new loans made during the year plus balance of loans from previous years, net of payments to date, for which the federal government imposes continuing compliance requirements.

State of Washington
Schedule of Expenditures of Federal Awards
Note F:
Supplemental Information: Pass-Through Funds

For the Year Ended
June 30, 2006
(Expressed in whole dollars)

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
03.301	360	FLORIDA STATE U	R00403	63,395
03.312	360	FLORIDA STATE UNIVERSI	A14629	3
03.312	360	FLORIDA STATE UNIVERSI	P.O. #A14629, R00304	7,646
06.000	360	CORNELL UNIVERSITY	44996-7635	2,698
06.129	370	Humanities Washington	531711,33,66	2,501
06.129	699	Humanities Wash	1T60	5,000
06.149	365	OREGON STATE UNIVERSITY - FED	X0073AA	12,053
07.000	080	ESD #105	10058	32,000
07.000	225	San Diego Police Dept	C050578FED	247,085
10.000	360	CRADLE OF FORESTRY INT	UW BUD# 668737	13,045
10.000	360	NCW RES. CONSERVATION	UW BUD# 662090	19,921
10.000	360	SIBCR	2004-04329	23,812
10.000	365	ANDGAR CORP	GUAR30284554	13,185
10.000	365	CAL POLY STATE UNIV FNDN FEDFLOW	0500949950	99,913
10.000	365	CITRUS RESEARCH BOARD-FED FLOW	WSU000130	-2
10.000	365	CORNELL UNIVERSITY - FED FLOW	497128095	407
10.000	365	FOOD ALLIANCE	WSU000239	5,873
10.000	365	NW HORTICULTURE COUNCIL	WSU000206	67,206
10.000	365	OH ST UNIV RSCH FNDN--FED FLOWTH	745453	2,925
10.000	365	PALOUSE GRAIN GROWERS - FED FLOW	WSU000157	8,436
10.000	365	PIERCE COUNTY--FED FLOWTHROUGH	05295900	22,391
10.000	365	PIERCE COUNTY--FED FLOWTHROUGH	WSU000168	21,190
10.000	365	UNIV OF CA-BERKELEY - FED FLOW	SA3262	-245
10.000	365	UNIV OF MARYLAND - FED FLOWTHR	CA0411	11,214
10.000	365	UNIV OF TENNESSEE FED FLOW	AEX00331900111	14,820
10.000	365	UNIVERSITY OF CALIF DAVIS FED	0300903V	7,659
10.000	365	UNIVERSITY OF CALIF DAVIS FED	04012ETX	253
10.000	365	UNIVERSITY OF CALIF DAVIS FED	04015ETX	31,565

State of Washington
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Note F:
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For the Year Ended
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(Expressed in whole dollars)

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
10.000	365	UNIVERSITY OF CALIF DAVIS FED	04025ETX	32,412
10.000	365	UNIVERSITY OF CALIF DAVIS FED	05008ETX	43,351
10.000	365	UNIVERSITY OF CALIF DAVIS FED	05014ETX	378
10.000	365	UNIVERSITY OF CALIF DAVIS FED	05020ETX	1,061
10.000	365	UNIVERSITY OF CALIF DAVIS FED	05024ETX	5,906
10.000	365	UNIVERSITY OF CALIF DAVIS FED	05026ETX	2,590
10.000	365	UNIVERSITY OF CALIF DAVIS FED	200101ETX	355
10.000	365	UNIVERSITY OF CALIF DAVIS FED	93001ETX	-10
10.000	365	UNIVERSITY OF CALIF DAVIS FED	9901707V	3,572
10.000	365	UNIVERSITY OF CALIF DAVIS FED	GUAR41651263	15,619
10.000	365	UNIVERSITY OF IDAHO-FED	GUAR30587563	11,447
10.000	365	UTAH STATE UNIV - FED FLOWTHR	GUAR33614184	1,782
10.000	365	VIRGINIA TECH	CR19276428024	34,901
10.001	365	CORNELL UNIVERSITY - FED FLOW	389916627	14,538
10.001	365	NORTH DAKOTA STATE UNIV	8386	16,330
10.001	365	UNIV OF CONNECTICUT--FED FLOW	4856	32
10.001	365	UNIV OF CONNECTICUT--FED FLOW	5080	19,233
10.001	365	UNIVERSITY OF CALIF DAVIS FED	01727802	5,152
10.200	365	COLORADO STATE UNIV - FED FLOW	G14081	41,042
10.200	365	COLORADO STATE UNIV - FED FLOW	G15071	80,156
10.200	365	COLORADO STATE UNIV - FED FLOW	WSU000228	5,094
10.200	365	MONTANA STATE UNIV--FED FLOWTHR	G08805W0198	2,250
10.200	365	OH ST UNIV RSCH FNDN--FED FLOWTH	60004896	1,557
10.200	365	OREGON STATE UNIVERSITY - FED	C0263AA	-16
10.200	365	OREGON STATE UNIVERSITY - FED	C0277AA	2,752
10.200	365	OREGON STATE UNIVERSITY - FED	C0277JA	-1,237
10.200	365	OREGON STATE UNIVERSITY - FED	C0298AA	4,512
10.200	365	OREGON STATE UNIVERSITY - FED	C0298FA	-15

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
10.200	365	OREGON STATE UNIVERSITY - FED	C0299AI	82,217
10.200	365	OREGON STATE UNIVERSITY - FED	C0299AJ	4,340
10.200	365	OREGON STATE UNIVERSITY - FED	C0299AK	67,219
10.200	365	OREGON STATE UNIVERSITY - FED	C0318AA	95,277
10.200	365	OREGON STATE UNIVERSITY - FED	C0318EA	4,005
10.200	365	OREGON STATE UNIVERSITY - FED	C0318FA	2,000
10.200	365	OREGON STATE UNIVERSITY - FED	CO278AF	69
10.200	365	UNIV OF ALASKA - FED FLOWTHR	UAF05099	1,831
10.200	365	UNIV OF ALASKA FAIRBANKS FED FLO	UAF050087	131,879
10.200	365	UNIV OF MA/AMHERST - FED FLOW	03002024B00	8,243
10.200	365	UNIV OF WI MADISON - FED FLOW	P622720	815
10.200	365	UNIVERSITY OF CALIF DAVIS FED	05037ETX	3,005
10.200	365	UNIVERSITY OF CALIF DAVIS FED	II015583	1,152
10.200	365	UNIVERSITY OF CALIF DAVIS FED	SA6890	7,519
10.200	365	UNIVERSITY OF CALIF DAVIS FED	SA7069	40,876
10.200	365	UNIVERSITY OF GUAM	WSU000131	11,998
10.200	365	UNIVERSITY OF IDAHO-FED	BAK300WSU	516
10.200	365	UNIVERSITY OF IDAHO-FED	BAK462WSU	113,442
10.200	365	UNIVERSITY OF IDAHO-FED	BAK62903	11,288
10.200	365	UNIVERSITY OF IDAHO-FED	BAK63002	41,981
10.200	365	UNIVERSITY OF IDAHO-FED	BAK631WSU	138,998
10.200	365	UNIVERSITY OF IDAHO-FED	BAK79202	-4
10.200	365	UNIVERSITY OF IDAHO-FED	BJK78202	-1,995
10.200	365	UNIVERSITY OF IDAHO-FED	BJKD96	193,016
10.200	365	UNIVERSITY OF IDAHO-FED	GPK260A	92,625
10.200	365	UNIVERSITY OF IDAHO-FED	GPK643	20,428
10.200	365	UNIVERSITY OF IDAHO-FED	GPK774B	136,524
10.200	365	UTAH STATE UNIV - FED FLOWTHR	041535008	55,490

State of Washington
Schedule of Expenditures of Federal Awards
Note F:
Supplemental Information: Pass-Through Funds

For the Year Ended
June 30, 2006
(Expressed in whole dollars)

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
10.200	365	UTAH STATE UNIV - FED FLOWTHR	C025913	186
10.200	365	UTAH STATE UNIV - FED FLOWTHR	C031553	90,462
10.200	365	UTAH STATE UNIV - FED FLOWTHR	C031569	28,839
10.200	365	UTAH STATE UNIV - FED FLOWTHR	C031570	2,552
10.200	365	UTAH STATE UNIV - FED FLOWTHR	C031712	31,480
10.200	365	UTAH STATE UNIV - FED FLOWTHR	C031713	31,823
10.200	365	UTAH STATE UNIV - FED FLOWTHR	C031738	35,849
10.200	375	U of Wisconsin	443G450	9,470
10.200	375	U of Wisconsin	832G742	155,293
10.206	365	N CAROLINA STATE UNIV - FED FLOW	2004157807	9,433
10.206	365	OREGON STATE UNIVERSITY - FED	C0307AA	17,275
10.206	365	UNIV OF MINNESOTA - FED FLOWTHR	Q6736000501	33,817
10.206	365	UNIVERSITY OF CALIF DAVIS FED	IIRR012530WSU	17,129
10.206	365	UNIVERSITY OF CALIF DAVIS FED	K01661814	4,353
10.206	365	UNIVERSITY OF NEBRASKA FED	2562220217002	144,390
10.212	365	MULTIFORM HARVEST INC FED FLOW	WSU000300	8,883
10.217	365	UNIVERSITY OF IDAHO-FED	BFK842B	34,573
10.217	365	UNIVERSITY OF IDAHO-FED	BJK78502	-100
10.217	365	UNIVERSITY OF IDAHO-FED	BJKE16WSU	28,180
10.302	365	CORNELL UNIVERSITY - FED FLOW	40414676745	65,025
10.302	365	MONTANA STATE UNIV--FED FLOWTHR	GC02801Z1585	546
10.302	365	RUTGERS STATE UNIV OF NJ-FED FLO	1600	-8
10.302	365	UNIV OF FLORIDA - FED FLOW	SC01037611	6,435
10.302	365	UNIVERSITY OF CALIF DAVIS FED	00470401	9,242
10.302	365	UNIVERSITY OF CALIF DAVIS FED	00RA4654KG	3,566
10.302	365	UNIVERSITY OF CALIF DAVIS FED	00RA4654WA	19,829
10.303	365	COLORADO STATE UNIV - FED FLOW	G14101	5,402
10.303	365	OH ST UNIV RSCH FNDN--FED FLOWTH	745914962099	51,824

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
10.303	365	PENNSYLVANIA ST UNIV--FED FLOWTH	2216WSUUSDA1367	56
10.303	365	UNIV OF ARIZONA--FED FLOWTHR	Y432650	42,249
10.303	365	UNIV OF ARIZONA--FED FLOWTHR	Y772789	-1,095
10.303	365	UNIV OF CA-BERKELEY - FED FLOW	SA4197	101,377
10.303	365	UNIVERSITY OF CALIF DAVIS FED	00RA2416WA	10,546
10.303	365	UNIVERSITY OF CALIF DAVIS FED	00RA4870WSU	4,679
10.303	365	UNIVERSITY OF CALIF DAVIS FED	K009607WA1	6,580
10.303	365	UNIVERSITY OF CALIF DAVIS FED	K009607WA2	521
10.303	365	UNIVERSITY OF CALIF DAVIS FED	K009607WA3	43,626
10.303	365	UNIVERSITY OF CALIF DAVIS FED	K009607WA4	10,400
10.303	365	UNIVERSITY OF CALIF DAVIS FED	K009607WA5	2,588
10.303	365	UNIVERSITY OF CALIF DAVIS FED	K009607WA6	5,039
10.303	365	UNIVERSITY OF CALIF DAVIS FED	K011656	9,564
10.303	365	UNIVERSITY OF IDAHO-FED	BJK748WSU	-14
10.303	365	UNIVERSITY OF IDAHO-FED	BJK748WSUCES	-1,902
10.303	365	UNIVERSITY OF IDAHO-FED	BJKE27WSUCES	166,787
10.303	365	UNIVERSITY OF NEBRASKA FED	2563210113004	31
10.304	365	UNIVERSITY OF CALIFORNIA - FEDER	K00779713	32,046
10.456	365	WA WINE INDUSTRY FNDN	WSU000190	29,530
10.456	365	WA WINE INDUSTRY FNDN	WSU000191	10,316
10.456	365	WA WINE INDUSTRY FNDN-FED FLOW	WSU000167	2,177
10.500	365	AUBURN UNIVERSITY - FED FLOWTHR	04ACES539109WSU	-6,835
10.500	365	AUBURN UNIVERSITY - FED FLOWTHR	ACES/ASATPYD806	71,839
10.500	365	AUBURN UNIVERSITY - FED FLOWTHR	ACESASATPYD80405	23,138
10.500	365	KANSAS ST UNIV - FED FLOWTHR	S04048	16,927
10.500	365	UNIV OF MINNESOTA - FED FLOWTHR	S4079036501	94,448
10.500	365	UNIV OF VERMONT - FED FLOWTHR	NI15	2,195
10.500	365	UNIV OF VERMONT - FED FLOWTHR	WSU0501	10,300

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
10.500	365	UNIV OF WYOMING - FED FLOWTHR	UTSTUNV46453	6,427
10.500	365	UNIV OF WYOMING - FED FLOWTHR	UTSTUNV46456WA	6,813
10.500	365	UNIV OF WYOMING - FED FLOWTHR	UTSTUNV61306128STATE	311
10.500	365	UNIV OF WYOMING - FED FLOWTHR	UTSTUNV6225	401
10.500	365	UNIVERSITY OF IDAHO-FED	BJKC96WSU	3,355
10.500	365	UNIVERSITY OF IDAHO-FED	BJKD54WSU	2,362
10.500	365	UTAH STATE UNIV - FED FLOWTHR	041549006	22,149
10.500	365	UTAH STATE UNIV - FED FLOWTHR	C028834	-29
10.500	365	UTAH STATE UNIV - FED FLOWTHR	C031935	32,864
10.500	365	WASHINGTON 4-H FOUNDATION - FED	WSU000189	13,325
10.500	365	WASHINGTON 4-H FOUNDATION - FED	WSU000302	-35,380
10.652	365	OKLAHOMA STATE UNIV - FED FLOW	OSUAB562030	3,266
11.000	360	CALIFORNIA SEA GRANT C	R/F-196D	13,157
11.000	360	NATIONAL SEA GRANT COL	V121-A	6,165
11.000	360	NORTH PACIFIC ANADROMO	UW BUD# 630201	10,044
11.000	360	NORTH PACIFIC MARINE S	NA16FX2629 PROJECT #13	18,059
11.000	360	NORTH PACIFIC MARINE S	NA16FX2629, 42	-60
11.000	360	NORTH PACIFIC MARINE S	NA16FX2629, 44	1,408
11.000	360	NORTH PACIFIC RESEARCH	508	46,258
11.000	360	NORTH PACIFIC RESEARCH	511	87,181
11.000	360	NORTH PACIFIC RESEARCH	530	75,997
11.000	360	NORTH PACIFIC RESEARCH	F0401	54,027
11.000	360	NORTH PACIFIC RESEARCH	F0418	6,439
11.000	360	OAK MANAGEMENT, INC.	4100-223-01	15,684
11.000	360	OREGON DEPARTMENT OF F	005-5221-S-FISH	1,555
11.000	360	OREGON DEPT OF FISH &	001-4120-S-FISH	-467
11.000	360	OREGON DEPT OF FISH &	005-5260-S-FISH	1,300
11.000	360	PACIFIC SHELLFISH INST	NA16RG1668	15

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
11.000	360	PACIFIC SHELLFISH INST	UW BUD# 667560	2,400
11.000	360	PACIFIC SHELLFISH INST	UW BUD# 669051	24,026
11.000	360	PACIFIC SHELLFISH INST	UW BUD# 669062	42,935
11.000	360	PACIFIC ST MARINE FISH	04-44	3
11.000	360	PACIFIC STATES MARINE	05-57 AMEND 1	4,513
11.000	360	PACIFIC STATES MARINE	06-42	7,147
11.000	360	SAN FRANCISCO STATE UN	C7-94248	12,864
11.000	360	STATE OF OREGON	PS05043	1,727
11.000	360	UC SANTA BARBARA	KK4136	32,682
11.000	360	UNIV OF ALASKA FAIRBAN	UAF 01-0044, MOD. #2	12
11.000	360	UNIV OF CA SAN DIEGO	R/A - 119	14,162
11.000	360	UNIV OF CA SAN DIEGO	R/A-122B PO#10235189	28,871
11.000	360	UNIV OF CALIFORNIA	R/A-122B PO#10235189	1,867
11.000	360	UNIV OF CALIFORNIA, SA	10249342	5,840
11.000	360	UNIV OF NEW HAMPSHIRE	UW BUD# 660915	24,181
11.000	360	YUKON RIVER DRAINAGE F	UW BUD# 667599	978
11.000	365	ALASKA DEPT OF FISH & GAME	COOP01049	-335
11.000	365	MONTEREY BAY SANCTUARY FNDN	WSU000129	-5,545
11.000	365	MONTEREY BAY SANCTUARY FNDN	WSU000295	10,928
11.000	477	Pacific States Marine Fisheries Commission	05-11	38,608
11.000	477	Pacific States Marine Fisheries Commission	05-13	62,749
11.000	477	Pacific States Marine Fisheries Commission	05-58	20,408
11.000	699	Wa Manufac	WMS2006	10,592
11.417	360	UNIVERSITY OF OREGON S	NA116A-A, AMEND 2	34,503
11.417	380	Gordon College	56182	2,880
11.417	380	Wheaton College	56217	4,769
11.417	477	Pacific States Marine Fisheries Commission	04-58	24,144
11.417	477	Pacific States Marine Fisheries Commission	06-37	129,345

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
11.427	477	Pacific States Marine Fisheries Commission	05-98	34,117
11.430	360	UNIV OF ALASKA FAIRBAN	UAF03-0107/PO#FP400728	-35
11.430	365	UNIV OF ALASKA - FED FLOWTHR	UAF050142	24,137
11.430	380	University of Alaska	PO#FP504794	30,852
11.437	477	Pacific States Marine Fisheries Commission	05-15	27,938
11.437	477	Pacific States Marine Fisheries Commission	05-22	13,958
11.437	477	Pacific States Marine Fisheries Commission	05-47	492
11.437	477	Pacific States Marine Fisheries Commission	06-100	109,239
11.437	477	Pacific States Marine Fisheries Commission	06-101	27,342
11.437	477	Pacific States Marine Fisheries Commission	06-15	178,449
11.437	477	Pacific States Marine Fisheries Commission	06-16	170,698
11.437	477	Pacific States Marine Fisheries Commission	06-17	50,185
11.437	477	Pacific States Marine Fisheries Commission	06-28	38,685
11.437	477	Pacific States Marine Fisheries Commission	06-30	197,512
11.437	477	Pacific States Marine Fisheries Commission	06-99	130,471
11.439	360	NORTH PACIFIC MARINE S	NA05NMF4391068	54,710
11.439	477	N. Pacific Marine Science Foundation	NA05NMF4391068	55,640
11.439	477	N. Pacific Marine Science Foundation	NA16FX2629	10,825
11.439	477	Pacific States Marine Fisheries Commission	06-46	2,681
11.441	477	N. Pacific Fishery Management Council	2006-3	9,592
11.441	477	N. Pacific Fishery Management Council	WA-SSL-2003	2,477
11.441	477	Pacific Fishery Management Council	06-05	78,258
11.441	477	Pacific Fishery Management Council	06-06	23,714
11.460	365	UNIVERSITY OF OR FED	237891A	27,467
11.473	360	OREGON HEALTH & SCIENC	GCLMR00XX-UW	86,695
11.473	360	OREGON HEALTH & SCIENC	GCLMROOXX-UW/APL	4,425
11.473	360	UNIV OF ALASKA FAIRBANKS	UAF 06-0092	30,797
11.478	380	Gordon College	56183	-1,649

State of Washington
Schedule of Expenditures of Federal Awards
Note F:
Supplemental Information: Pass-Through Funds

For the Year Ended
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(Expressed in whole dollars)

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
11.611	365	WASHINGTON MFG SVCS - FED FLOWTH	WSU000137	-75
11.611	365	WASHINGTON MFG SVCS - FED FLOWTH	WSU000192	22,538
12.000	360	ADVANCED TECH INST	2004-331 MOD02	14,043
12.000	360	ADVANCED TECH INST	2004-380 MOD04	541,974
12.000	360	ADVANCED TECH INST	DAAD19-02-2-0028	-9
12.000	360	ALASKA NATIVE TECHNOLO	05-ANT-0243-01	630
12.000	360	APPLIED MARINE SOLUTIO	UW BUD# 661120	95,121
12.000	360	APPLIED MARINE SOLUTIO	UW BUD# 668603	6,847
12.000	360	ARETE ASSOCIATES	S-43693.01.4200	20,903
12.000	360	ASPEN AEROGELS	300119	24,070
12.000	360	BBNT	9500005898, AM03	6,268
12.000	360	BOEING COMPANY	KM5271-03,PCC09	103,254
12.000	360	BOEING COMPANY	KQ5991, MOD 3	40,123
12.000	360	CALSPAN-UB RESEARCH CE	06770-03, MOD 1	327,631
12.000	360	DESERT RESEARCH INST	04-DEES-01,A02	144,210
12.000	360	DRAGOON TECHNOLOGIES	UW BUD# 667736	-671
12.000	360	EM PHOTONICS	UW BUD# 630005	4,227
12.000	360	EMORY UNIV	DAMD17-03-2-0033	39,848
12.000	360	ENGINEERING ACOUSTICS	UW BUD# 669986	3,746
12.000	360	ERC, INC.	RP050036	28,335
12.000	360	ERC, INC.	RP060129	25,076
12.000	360	EWING TECHNOLOGY ASSOC	UW BUD# 668973	77,374
12.000	360	EXTRUDE HONE INC.	UW BUD# 667416	13,436
12.000	360	FNDN FOR HLTH CARE QUA	UW BUD# 668965	132,299
12.000	360	FNDN FOR HLTH CARE QUALITY	UW BUD# 668990	84,973
12.000	360	FOSTER MILLER INC	SUB1-00178	107,931
12.000	360	GROUP HEALTH COOPERATI	40159 UW	16,337
12.000	360	HONEYWELL LABS	P.O. C09340028 REV02	82,551

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12.000	360	HOOD TECHNOLOGY CORPOR	UW BUD# 663083	30,151
12.000	360	IBM CORPORATION	A0550287	178,055
12.000	360	INFORMATION SYSTEMS LA	04-3515-01, AM05	-129
12.000	360	INFORMATION SYSTEMS LABORATORY INC.	04-3515-01, AM01	81,868
12.000	360	INNOVATIVE SCIENTIFIC	2227-001	5,130
12.000	360	INNOVATIVE SCIENTIFIC	SB05022	32,058
12.000	360	INSITU GROUP	P006977	51,009
12.000	360	INTERNATIONAL COMPUTER	110-UW	-33
12.000	360	ISOTRON CORPORATION	UW BUD# 630063	2,706
12.000	360	ISOTRON CORPORATION	UW BUD# 667879	68,210
12.000	360	ITT INDUSTRIES	186039J MOD01	40,041
12.000	360	JOHNS HOPKINS UNIVERSI	883443 AM01	25,085
12.000	360	JP INNOVATIONS	UW BUD# 666514	-54
12.000	360	LOCKHEED MARTIN CORP	SP01Q3811R	-124
12.000	360	LOCKHEED MARTIN SHARED	FFM334162	-535
12.000	360	MATERIALS RESOURCES IN	PO MRI-2005-12-001	32,599
12.000	360	MATHSOFT INC	RES980 BLIND II	-6,342
12.000	360	MCPHEE RSCH CO	PO# 00301, AMD #4	-430
12.000	360	MER CORPORATION	UW BUD# 668092	-21
12.000	360	MICRO MAGNETICS, INC.	UW BUD# 660590	34,694
12.000	360	MICROCOATING TECHNOLOG	UW BUD# 667343	-161
12.000	360	NOVELTECH	UW BUD# 663527	22,267
12.000	360	NOVELTECH	UW BUD# 668088	39,146
12.000	360	PENNSYLVANIA STATE UNI	S05-04 MOD 2	510,030
12.000	360	PENNSYLVANIA STATE UNIVERSITY	S05-04	619,197
12.000	360	PHILIPS RESEARCH NORTH	UW BUD# 662535	365,084
12.000	360	PHILIPS RESEARCH NORTH AMERICA	UW BUD# 662805	62,892
12.000	360	PHILIPS RESEARCH NORTH AMERICA	UW BUD# 662811	14,216

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12.000	360	PHILIPS RESEARCH NORTH AMERICA	UW BUD# 662812	4,780
12.000	360	PLANNING SYSTEMS INCOR	S-01-05	161
12.000	360	ROBUST CHIP, INC,	UW BUD# 669016	26,949
12.000	360	SCIENCE APPLICATIONS I	4400102258	100
12.000	360	SCIENCE APPLICATIONS I	4400118995	11,153
12.000	360	SIENNA TECHNOLOGIES IN	UW BUD# 666204	1,392
12.000	360	SIGNAL SYSTEMS LABORAT	05-3528-01 AMEND 1	369,162
12.000	360	SMARTRONIX, INC.	SMX-05-2016-UOW	78,489
12.000	360	SMARTRONIX, INC.	SMX052016UOWTDMUW0002	13,849
12.000	360	SRI INTERNATIONAL, INC	03-000225, TO03 MOD4	8,547
12.000	360	SRI INTERNATIONAL, INC	03-000225,TO02 MOD04	90,745
12.000	360	SRI INTERNATIONAL, INC.	03-000225,TO02	17,323
12.000	360	SRI INTL INC	02-000225, TO05	23,705
12.000	360	SRI INTL INC	02-000225, TO06	4,766
12.000	360	SRI INTL INC	02-000225, TO07	48,307
12.000	360	SRI INTL INC	02-000225, TO08	87,356
12.000	360	SRI INTL INC	02-000225, TO09	65,252
12.000	360	SRI INTL INC	02-000225, TO11	80,508
12.000	360	SRI INTL INC	02-000225,TO12	171,296
12.000	360	SRI INTL INC	03-000225 TASK ORD4 M2	3,070
12.000	360	SRI INTL INC	03-000225, TO13	42,295
12.000	360	SRI INTL INC	27-000799, MOD 04	48,013
12.000	360	SRI INTL INC	27-000968 MOD#3	64,016
12.000	360	SRI INTL INC	55-000754	469,158
12.000	360	SRI INTL INC	55-000793	2,013
12.000	360	SRI INTL INC	OP2-000225, TO10	98,679
12.000	360	ST LOUIS UNIVERSITY	DAMD17-01-1-0401	-1,734
12.000	360	SUNY	1016565/1/21169 MOD07	66,519

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12.000	360	TELCORDIA TECHNOLOGIES	10083184 AM09	78,712
12.000	360	THE GENEVA FNDN	S-2004-TSNRP-03, MOD01	13,000
12.000	360	THE GENEVA FNDN	S-2005-TSNRP-01, MOD02	6,312
12.000	360	THE GENEVA FNDN	S2005TSNRP01HU0001051T	14,502
12.000	360	THE GENEVA FOUNDATION	S2005TSNRP06HU001051TS	3,981
12.000	360	UNIV OF CA BERKELEY	SA2980-25628, AM02	1
12.000	360	UNIVERSITY OF MARYLAND	Z965104	34,427
12.000	360	UTAH STATE UNIV	C019755, AM08	-12
12.000	360	WEBB RESEARCH CORPORAT	03703	-2,938
12.000	360	WEBB RESEARCH CORPORAT	05626	68,043
12.000	365	ACADEMY OF APPLIED SCIENCE--FED	0570	2,600
12.000	365	ACADEMY OF APPLIED SCIENCE--FED	WSU000182	1,858
12.000	365	ACADEMY OF APPLIED SCIENCE--FED	WSU000292	1,246
12.000	365	AGILTRON INC FED FLOW	WSU000166	10,940
12.000	365	ALCOA INC	400015937	34,929
12.000	365	ALCOA INC	400039720	8,304
12.000	365	ALCOA INC	400051322	35,442
12.000	365	CONCURRENT TECHNOLOGIES CORP	031200244	27,135
12.000	365	CONCURRENT TECHNOLOGIES CORP	051000196	73,663
12.000	365	EV PRODUCTS	EVSUBCONTRACT0001	218,287
12.000	365	GEO-CENTERS INC	42090SM	-35,128
12.000	365	MASS INSTIT OF TECH--FED FLOWTHR	3024189	-10,472
12.000	365	NORTHROP GRUMMAN CORPORATION	GUAR56052071	-21,709
12.000	365	NORTHROP GRUMMAN CORPORATION	GUAR56052084	6,357
12.000	365	TPL INC	AM6420041	101,254
12.000	365	VLOC INCORPORATED	AFRLYAG0003	30,499
12.000	365	VLOC INCORPORATED	VAN0001	-1,243
12.000	699	University of Dayton	F4260-00-D-0039,RZ13	492,917

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12.110	477	Oregon Dept of Fish & Wildlife	005-5065-S-Fish	1,442
12.110	477	Pacific States Marine Fisheries Commission	05-89	4,282
12.110	477	Pacific States Marine Fisheries Commission	05-90	18,915
12.110	477	Pacific States Marine Fisheries Commission	05-91	6,388
12.110	477	Pacific States Marine Fisheries Commission	06-88	3,763
12.110	477	Pacific States Marine Fisheries Commission	06-90	14,661
12.110	477	Pacific States Marine Fisheries Commission	06-91	2,884
12.300	360	DUKE UNIVERSITY	04-SC-ONR-1066	7,290
12.300	360	HARVARD UNIV	N00014-01-1-0782 AM05	87,331
12.300	360	INST OF STUDY FOR LEARNING	WASHINGTON-01 M0D1	205,431
12.300	360	UNIV OF CA SAN DIEGO	PO 10212040-005	107,172
12.300	360	UNIV OF MICHIGAN	F012919, AMEND 2	235,130
12.300	365	UNIV OF UTAH - FED FLOWTHR	2503036	188,550
12.300	365	UNIVERSITY OF IDAHO-FED	KKK680WSU	44,127
12.300	365	UNIVERSITY OF IDAHO-FED	KKK702B	7,389
12.300	365	UNIVERSITY OF IDAHO-FED	KKK95103A	-1,815
12.420	360	EMORY UNIV	DAMD17-03-2-0033 PJ1M1	2,038
12.420	360	EMORY UNIV	DAMD17-03-2-0033 PRJ 1	-2,875
12.420	360	EMORY UNIV	DAMD17-03-2-0033PRJ1M2	151,067
12.420	360	EMORY UNIV	DAMD17-03-2-0033PRJ2M2	51,912
12.420	360	EMORY UNIV	DAMD170320033COREA,M2	8,949
12.420	360	FHCRC	05-201062-01-S1137 M1	72,929
12.420	360	FHCRC	05-201144-01-S1214	61,223
12.420	360	FHCRC	0520106201S1137P580299	10,344
12.420	360	FHCRC	0520106201S1138P580300	22,730
12.420	360	N CA INST RSCH EDUC	DAMD-01-1-0764 AMD#2	29,853
12.420	360	UNIVERSITY OF MICHIGAN	W81XWH-04-2-0012, AM#8	172,703
12.420	360	UNIVERSITY OF MISSISSI	02-01-069 MOD04	913,740

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12.420	360	UNIVERSITY OF MISSISSIPPI	02-01-069, AMEND.#1**	13,430
12.431	360	UNIV OF CINCINNATI	PATS#19779, SAP1003768	47,352
12.550	360	CNTR FOR APPLIED LINGUISTICS	4926-1	336,446
12.800	360	CA INST OF TECH	UW BUD# 630418	7,049
12.800	360	UNIV CORP FOR ATMOSPHE	SO6-47225 MOD. 1	49,238
12.800	360	UNIV OF HOUSTON	15510833913K155031 A3	-1
12.800	365	AT&T	S000000377	83,005
12.910	360	MIT	5710001484 AM07	59,602
12.910	360	UNIV OF ARKANSAS	SA020967 AM07	6,219
12.910	365	SOIL SEARCH LLC - FED FLOWTHR	WSU000039	-3,305
14.000	360	SEATTLE HOUSING AUTHORITY	SUBGRANT #9920 ORDER#4	5,707
14.218	365	SPOKANE CITY OF	OPR20050510	30,222
14.218	365	SPOKANE CITY OF	OPR200583	-6
14.218	370	City of Spokane	536460,766	22,345
14.239	148	ARCH	2006 Arch Pgm	20,000
14.239	148	City of Seattle	FY 2005/2006 HK Sea	430,093
14.239	148	CTED	CTED 05-40404-301	100,000
14.901	360	NEIGHBORHOOD HOUSE	NH313-03-2	12,019
15.000	360	ALASKA FISH & GAME DEP	COOP 04-007	27,921
15.000	360	CENTER FOR PLANT CONSE	UW BUD# 668716	34,253
15.000	360	CENTER FOR PLANT CONSE	UW BUD# 669650	1,050
15.000	360	JAMES MADISON UNIV	V01145-06	-42
15.000	360	MAR INC	PO# OHM-190	18
15.000	360	MONTANA STATE UNIVERSI	G252-05-20094	1,252
15.000	360	ROCHESTER INST OF TECH	30479-06	14,934
15.000	365	CORNELL UNIVERSITY	GUAR24300252	2,511
15.000	365	ECONOMIC & ENGINEERING SVCS INC	101361	3,765
15.000	365	WILDLANDS INC - FED FLOWTHR	WSU000183	6,396

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15.000	365	WILDLANDS INC - FED FLOWTHR	WSU000184	47
15.605	477	Oregon Dept of Fish & Wildlife	005-5065-S-Fish	1,442
15.631	360	COASTAL RESOURCES ALLI	UW BUD# 669322	2,682
15.916	365	UNIVERSITY OF IDAHO-FED	P0014438	20,640
15.999	370	Montana State University	None	5,000
15.999	390		None	75,877
15.999	477	International Fish & Wildlife Agencies	None	2,523
15.999	477	National Fish & Wildlife Foundation	None	33,447
16.000	365	ASSOC FOR STUDY & DEV OF COMM	WSU000384	4,620
16.000	365	ASSOC FOR STUDY & DEV OF COMM	WSU000385	3,564
16.000	365	BENTON FRANKLIN CNTY SUPER COURT	WSU000176	2,430
16.000	365	BENTON-FRANKLIN JUV JUST FED FLO	WSU000163	463
16.000	365	BENTON-FRANKLIN JUV JUST FED FLO	WSU000197	3,339
16.000	365	COMCARE ALLIANCE	102170	91
16.000	365	SPOKANE POLICE DEPT	WSU000142	46,732
16.540	365	NATIONAL CIVIC LEAGUE	WSU000229	34,470
16.540	370	Confed. Tribes of Umatilla Indian Reservation	536469	374
16.540	370	NARA	531350	296
16.565	360	DARTMOUTH COLLEGE	5-36331.570 M0D 2&3	29,368
16.585	370	Weber Human Services	531346	6,499
16.592	376	WTSC PATROL	PS0501	3,125
16.610	225	California Dept. of Justice	C050416FED	180,532
16.610	225	California Dept. of Justice	C060825FED	179,415
16.710	461	Pierce County Alliance	C005029	16,519
16.710	461	Pierce County Alliance	C006051	13,141
16.729	365	LINCOLN COUNTY - FED FLOWTHR	WSU000056	-130
17.000	365	SOCIAL POLICY RESEARCH ASSOCIATE	SPR02114202	18,942
17.000	365	YAKIMA CO DEPT OF EMPLOYMENT & T	DETPY0304AAG007	3,686

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17.000	365	YAKIMA CO DEPT OF EMPLOYMENT & T	LDSTESD6109762415	1,800
17.235	540	WDC01	Local Contract	81,924
17.235	540	WDC04	Local Contract	6,904
17.235	540	WDC08	Local Contract	12,531
17.235	699	Snoh Cnty Human Serv	A-05-80-01-203(1)	609
17.253	540	WDC09	Local Contract	41,064
17.258	540	WDC01	Local Contract	449,784
17.258	540	WDC02	Local Contract	674,040
17.258	540	WDC04	Local Contract	1,034,686
17.258	540	WDC05	Local Contract	128,553
17.258	540	WDC08	Local Contract	214,841
17.258	540	WDC09	Local Contract	207,914
17.258	540	WDC11	Local Contract	159,016
17.258	540	WDC12	Local Contract	620,888
17.258	699	Eastern Wash Partnership	6110-7624-15	3,976
17.258	699	King Cty Workforce Dev Council	Y4RTC-457NPY	122,902
17.258	699	Kitsap County	KC-368-05	31,994
17.258	699	NW Workforce Dev Council	145-111-3285	36,919
17.258	699	Snoh Cty Workforce Dev Council	WDC-LF042 Mod#1	27,730
17.259	540	WDC01	Local Contract	5,267
17.259	540	WDC04	Local Contract	58,424
17.259	540	WDC08	Local Contract	233,435
17.259	540	WDC09	Local Contract	209,400
17.259	699	Eastern Wash Partnership	6110-7624-15	3,976
17.260	540	Mid CCOG	Local Contract	51,020
17.260	540	SkillSource	Local Contract	27,755
17.260	540	WDC01	Local Contract	856,070
17.260	540	WDC02	Local Contract	1,224,543

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17.260	540	WDC04	Local Contract	1,589,803
17.260	540	WDC05	Local Contract	195,341
17.260	540	WDC06	Local Contract	39,139
17.260	540	WDC07	Local Contract	619,392
17.260	540	WDC08	Local Contract	216,530
17.260	540	WDC09	Local Contract	420,654
17.260	540	WDC10	Local Contract	699,574
17.260	540	WDC11	Local Contract	808,648
17.260	540	WDC12	Local Contract	977,764
17.260	699	Eastern Wash Partnership	6110-7624-15	3,976
17.260	699	Skilsrc New Chance	SS2005-01	10,452
17.260	699	Snoh Cty Workforce Dev Council	WDC-LF046 Mod #1	41,587
17.261	699	Forsyth	1V77	385,614
17.261	699	Tacoma Piercy Cty Emp Consortium	H-1B03	7,368
17.267	365	SW WA WORKFORCE DVLPMNT COUN FED	WDC0424	12,095
17.267	699	Workforce Development Council	61110-02-7140/737	798
17.805	540	WDC04	Local Contract	183,342
19.000	360	EASTERN VIRGINIA MED S	MC 03 332 AMENDMENT#3	30,247
19.000	360	GEORGETOWN UNIVERSITY	UW-RX2050-859-05-D	15,751
19.000	360	INST OF INTL EDUC	UW BUD# 800454	-12,791
19.000	360	INST OF INTL EDUC	UW BUD# 800455	19,363
19.000	360	INST OF INTL EDUC	UW BUD# 800647	139,730
19.000	360	PATH	AID 1233-01702-LPS A1	26,556
19.000	360	PATH	CRD.1145-01767-LPSAM02	29,838
19.000	360	SOCIAL SCIENCE RESEARC	UW BUD# 800600	17,500
19.000	365	INTERNEWS NETWORK INC	1410001	128,531
19.000	365	MICHIGAN ST UNIV - FED FLOWTHR	613128	181,037
19.000	365	VIRGINIA TECH	19276425631	62,538

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19.000	365	VIRGINIA TECH	19276425638	-351
20.000	360	KING COUNTY DEPT OF TR	UW BUD# 668470	15,708
20.000	365	NICHOLS CONSULTING ENGINEERS	WSU000120	2,760
20.000	365	NORTH DAKOTA STATE UNIV FED FLO	WSU000193	102,162
20.000	365	SPOKANE TRANSIT AUTHORITY	WSU000305	23,832
20.000	365	UNIVERSITY OF NEBRASKA FED	2611070080002	21,464
20.205	365	TEXAS A & M RESEARCH FOUND-FED F	S040047	17,787
20.205	390		STPE9999	267,670
20.604	370	WA. Assoc. of Sheriffs & Police Chiefs	531775	3,800
20.999	370	Unknown	None	1,500
32.001	365	PUBLIC BROADCASTING SERVICE	8607	-11,393
39.000	365	D.C. INFORMATION SYSTEMS - FED F	LLNDWSU001	37
43.000	360	ANDREWS SPACE, INC.	UW BUD# 660149	1
43.000	360	BAYLOR COLLEGE OF MEDI	PF00505	10,007
43.000	360	BAYLOR COLLEGE OF MEDI	PF00505 AMEND#1	11,337
43.000	360	BAYLOR COLLEGE OF MEDI	SMS00401 AM# 7	39,566
43.000	360	BAYLOR COLLEGE OF MEDI	SMS00401 AM# 8	17,619
43.000	360	BAYLOR COLLEGE OF MEDI	SMS00402 AM06	322,857
43.000	360	BAYLOR COLLEGE OF MEDI	SMS00402, AM#3	56,379
43.000	360	BAYLOR COLLEGE OF MEDICINE	PF00505	35,230
43.000	360	BAYLOR COLLEGE OF MEDICINE	SMS00402	5,347
43.000	360	BAYLOR COLLEGE OF MEDICINE	SMS00402 AM06	58,096
43.000	360	CA INST OF TECH JPL	1216232 (MOD08)	11,487
43.000	360	CA INST OF TECH JPL	1216233 MOD08	29,966
43.000	360	CA INST OF TECH JPL	1216233 MOD10	46,075
43.000	360	CA INST OF TECH JPL	1216234	30,573
43.000	360	CA INST OF TECH JPL	1221119 MOD #10	104,984
43.000	360	CA INST OF TECH JPL	1250164, MOD 8	7,620

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43.000	360	CA INST OF TECH JPL	1252463 MOD06	104,634
43.000	360	CA INST OF TECH JPL	1256577	-30,536
43.000	360	CA INST OF TECH JPL	1258845-MOD2	8,843
43.000	360	CA INST OF TECH JPL	1275177	45,522
43.000	360	CA INST OF TECH JPL	1275177,MO1	34,002
43.000	360	CA INST OF TECH JPL	1277179	2,684
43.000	360	CARNEGIE INSTITUTION O	DTM-3159-07, AM06	126,844
43.000	360	CARNEGIE MELLON UNIV	126586-1110048 AM06	-9
43.000	360	COLORADO STATE UNIVERSITY	G-2709-1	2,398
43.000	360	HARVARD UNIVERSITY	123267-01	-4
43.000	360	HARVARD UNIVERSITY	123316-01	17,772
43.000	360	JET PROLULSON LABORATO	1269358	107,069
43.000	360	JET PROLULSON LABORATO	1280115, MOD01	20,002
43.000	360	JET PROLULSON LABORATO	1280682	42,649
43.000	360	JET PROLULSON LABORATO	1280794	30,929
43.000	360	JET PROLULSON LABORATORY	1269358	132,885
43.000	360	JET PROPULSION LAB	1245173 MOD #2 & #3	-4,048
43.000	360	JET PROPULSION LAB	1263191 MOD.2	108,417
43.000	360	JET PROPULSION LAB	1267029 MO1	52,030
43.000	360	JET PROPULSION LAB	1267196	48,760
43.000	360	JET PROPULSION LAB	1267196 MOD03	118,545
43.000	360	JET PROPULSION LAB	1268416	91,911
43.000	360	JET PROPULSION LAB	1269625	15,986
43.000	360	LOCKHEED MARTIN CORP	81000000144	29,252
43.000	360	MICROENERGY TECH	MET2021UW	9,622
43.000	360	MSNW	032T3029932, AMD001	161,705
43.000	360	OHIO STATE U RESEARCH	RF00970997/744679 MOD2	39,920
43.000	360	RUTGERS UNIVERSITY	1951	-8

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Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
43.000	360	SMITHSONIAN A. O.	G056112X	26,472
43.000	360	SMITHSONIAN A. O.	G06-7058X	2,411
43.000	360	SPACE TELESCOPE SCI IN	60-08271.02-97A	-2
43.000	360	SPACE TELESCOPE SCI IN	GO-08314.01-97A AM01	-453
43.000	360	SPACE TELESCOPE SCI IN	HST GO 10132.01 A	15,644
43.000	360	SPACE TELESCOPE SCI IN	HST-AR-09959.02-A	1,213
43.000	360	SPACE TELESCOPE SCI IN	HST-AR-10289.02-A	300
43.000	360	SPACE TELESCOPE SCI IN	HST-AR-10309.02-A	22,127
43.000	360	SPACE TELESCOPE SCI IN	HST-AR-10637-01-A	22,081
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-08211.01-A	450
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-08601 05-A A3&4	453
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-09357.06-A, AM1	3,984
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-09443.03-A	-17
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-09444.06-A AM02	19,062
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-09459.06-A	2
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-09476.01-A, AM1	35,579
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-09806.01-A	7,529
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-09899.01-A	843
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-10005.02-A	825
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-10120,04-A	22,971
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-10233.01-A	2,332
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-10259.02-A	13,029
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-10349.02-A	5,311
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-10424.A0-A	6,300
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-10486-01-A, AM1	24,779
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-10523.04-A	24,605
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-10525. 01-A1	34,685
43.000	360	SPACE TELESCOPE SCI IN	HST-GO-10775.09-A	3,034

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43.000	360	SPACE TELESCOPE SCI IN	HST-HF-01175.01-A AMD1	107,907
43.000	360	SPACE TELESCOPE SCI IN	HSTG009815.01A AMEND1	13,246
43.000	360	STANFORD UNIVERISTY	PY-2426, AM11	85,688
43.000	360	UNIV OF CALIFORNIA, BE	SA 3872-24080, AM01	14,312
43.000	360	UNIV OF CALIFORNIA, BE	SA4347-24309 AMEND 4	60,089
43.000	360	UNIV OF CALIFORNIA, SA	10234024	27,646
43.000	360	UNIV OF CALIFORNIA, SAN DIEGO	10234024	50,845
43.000	360	UNIV OF MARYLAND	Z689203 & MOD G	145,380
43.000	360	UNIV OF MIAMI	669781 AM05	19,116
43.000	360	UNIVERSITIES SPACE RES	07605-003-038	155
43.000	360	UNIVERSITIES SPACE RESEARCH ASSOCIATION	07605-003-038	2,324
43.000	360	UNIVERSITY OF ARIZONA	Y403021, AM2	42
43.000	360	UNIVERSITY OF COLORADO	S6524, MOD22	16,797
43.000	360	UNIVERSITY OF OREGON S	NS033A-01 AM19	109,059
43.000	360	USRA	07605-003-027	6,254
43.000	360	USRA	07605-003-027 MOD02	151,268
43.000	365	CA INST OF TECH - JET PROP LAB	1236947	93,127
43.000	365	CA INST OF TECH - JET PROP LAB	1263474	-3,681
43.000	365	SPACE TELESCOPE SCI INSTIT	HSTAR0874502A	391
43.000	365	SPACE TELESCOPE SCI INSTIT	HSTAR1064206A	58
43.000	365	SPACE TELESCOPE SCI INSTIT	HSTG01042906A	485
43.000	365	SPACE TELESCOPE SCI INSTIT	HSTGO0939202A	37,009
43.000	365	SPACE TELESCOPE SCI INSTIT	HSTGO1021712A	18,974
43.000	365	TPL INC	AM6920061	20,975
43.000	365	UNIV OF MARYLAND - FED FLOWTHR	CG0202	-5,053
43.001	360	UNIVERSITY OF KENTUCKY	46758105333	14,964
43.002	360	UNIVERSITY OF COLORADO	153-6824	9,499
47.000	360	BATTELLE PACIFIC NW LA	12415 MOD 3	61,423

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47.000	360	CA ST UNIV MONTEREY BA	021604-A	1,180
47.000	360	CARNEGIE MELLON UNIV	1120097-111373 MOD05	-636
47.000	360	EDMONDS COMMUNITY COLL	UW BUD# 661138	14,376
47.000	360	EX ONE CORPORATION	UW BUD# 660051	13,645
47.000	360	EX ONE CORPORATION	UW BUD# 660572	43,694
47.000	360	FERMI NTL ACCELERATOR	P.O. 558793, REV 1	-4,257
47.000	360	FERMI NTL ACCELERATOR	P.O. 560232	5,937
47.000	360	FERMI NTL ACCELERATOR	P.O.#546424 REVISION 8	5,210
47.000	360	GEORGE WASHINGTON UNIV	SUBCONTRACT 05-S007	10,039
47.000	360	INTERNATIONAL COMPUTER	378C	-20,986
47.000	360	INTERNATIONAL COMPUTER SCIENCE INSTITUTE	378CMOD05	12,757
47.000	360	JOINT OCEANOGRAPHIC IN	TO F001794	1,090
47.000	360	MISSISSIPPI STATE UNIV	00-10-0203-02 MOD03	127
47.000	360	MISSISSIPPI STATE UNIV	00-10-0203-02 MOD05	626
47.000	360	NW RESEARCH ASSOCIATES	NWRA-02-S-061 MOD3	472
47.000	360	PACIFIC EARTHQUAKE ENG	SA 4802 MOD 1	58,989
47.000	360	PACIFIC EARTHQUAKE ENG	SA4716, A02	81,624
47.000	360	PACIFIC EARTHQUAKE ENG	SA4757, MOD01	38,075
47.000	360	PORTLAND STATE UNIVERS	030209, MOD02	116,718
47.000	360	RESEARCH CORP OF THE U	UW BUD# 666352	8,352
47.000	360	TENNEESSEE TECHNOLOGIC	UW BUD# 668740	9,263
47.000	360	UNIV OF CA BERKELEY	SA3949/1-0000737296	-14
47.000	360	UNIV OF CA BERKELEY	SA4102	-8
47.000	360	UNIV OF CA BERKELEY	SA4194, AM01	-352
47.000	360	UNIV OF CA BERKELEY	SA4285PG MOD01	-145
47.000	360	UNIV OF CA BERKELEY	SA4335PG	-4,590
47.000	360	UNIV OF CA BERKELEY	SA4721/PO999075	35,010
47.000	360	UNIV OF CA BERKELEY	SA4816 AM#2	93,482

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
47.000	360	UNIV OF KANSAS, CENTER	FY2002-002 M3	22,410
47.000	360	UNIV OF MICHIGAN	F006212	3,697
47.000	360	UNIV OF NOTRE DAME	UW BUD# 670488	-22
47.000	360	UNIV OF TENNESSEE	OR2404-001.01, AM02	68,867
47.000	360	UNIVERSITY OF CALIFORN	002865-UW	8,152
47.000	360	UNIVERSITY OF MONTANA	PG-65900-02	14,577
47.000	360	WHOI	A100416	102,000
47.000	360	WOODS HOLE OCEANOGRAPH	A100224 MOD01	2
47.000	360	WORCESTER POLY INST	06-201630-01	6,777
47.000	360	YALE UNIV	Y-99-0030 AM01	-3
47.000	365	CIVILIAN RESEARCH & DEVELOP FOUN	RB12502ST03	1,971
47.000	365	N CAROLINA STATE UNIV - FED FLOW	GUAR30558938	122,276
47.000	365	RESEARCH FNDN SUNY-BROCKPORT-FED	PTA10006621011770	7,411
47.041	360	CORNELL NANOSCALE SCI	44771-7473 AM02	615,846
47.041	360	CORNELL NANOSCALE SCI & TECH FACILITY	44771-7473	216,155
47.041	360	GEORGIA INSTITUTE OF T	E-20-L05-G3	2,440
47.041	360	MONTANA STATE UNIV	GC201-03-Z2406, MOD02	40,252
47.041	360	PACIFIC EARTHQUAKE ENG	SA5158 PO 1140320	18,210
47.041	360	UNIV OF CA BERKELEY	UCB SA4570, MOD01	31,677
47.041	360	UNIV OF CA BERKELEY	UCB SA4570, MOD02	34,192
47.041	360	UNIVERSITY OF OREGON S	SO774A-A,AM05	54,752
47.041	365	UNIVERSITY OF IDAHO-FED	FEK56103A	5,286
47.041	365	UNIVERSITY OF NEW MEXICO	433115874P	80,958
47.049	360	COLUMBIA UNIV	PHY9722537AM12	103
47.049	360	COLUMBIA UNIVERSITY	PHY 0301292	135,246
47.049	360	INSTITUTE FOR ADVANCED	7443-2307,AMD2	149,065
47.049	360	INSTITUTE FOR ADVANCED STUDY	7443-2307, AMEND2	-3,866
47.049	360	INSTITUTE FOR ADVANCED STUDY	IAS-EHR-0314808	47,887

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47.049	360	IOWA STATE UNIV	4206189	47,038
47.049	360	JOHNS HOPKINS UNIVERSITY	8601-06862	2,146
47.049	360	NEW YORK UNIVERSITY	F094801	-2,406
47.049	360	UNIV OF MINNESOTA	T5166178101,AMD1	41,916
47.049	360	UNIV OF NORTH TEXAS	GN00002151	7,348
47.049	360	UNIVERSITY OF CHICAGO	27618 AM02	20,281
47.049	365	AMERICAN EDUC RES ASSN-FED FLOW	WSU000299	26,636
47.049	365	TULANE UNIVERSITY - FED FLOWTHR	TUL1350203	71,950
47.049	365	UNIVERSITY OF IDAHO-FED	ACK88703A	15,134
47.049	699	Brevard Community College	DUE 0532618	9,085
47.050	360	ARIZONA ST UNIV	02-026	149,595
47.050	360	ARIZONA ST UNIV	02-026 MOD02	594
47.050	360	ARIZONA ST UNIV	02-026 MOD03	26,731
47.050	360	COLUMBIA UNIV	OCE-02-23951-2, MOD#3	125,053
47.050	360	DARTMOUTH COLLEGE	5-34099-570 AM003	27,791
47.050	360	IRIS	337, AM05	106,764
47.050	360	IRIS	381-16	1,275
47.050	360	UNIV OF CA SAN DIEGO	PO10258023	26,483
47.050	360	UNIV OF CA SAN DIEGO	UW BUD# 630044	8,345
47.050	360	UNIV OF IOWA	PO.# 40000088273 AM05	85,336
47.050	360	UNIV OF WISCONSIN - MA	F041005	25,902
47.050	360	UNIVERSITY OF CALIFORN	KK4111, MOD02	56,108
47.050	365	MONTANA STATE UNIV--FED FLOWTHR	G30306W0996	44,674
47.050	365	RESEARCH FNDN SUNY-BUFFALO - FED	R272484	991
47.050	375	U of S. CA	PO 603412	177
47.050	380	Woods Hole Oceanographic Institution	A100171	39,126
47.070	360	COLUMBIA UNIV	ONE AMD # 2	29,342
47.070	360	COLUMBIA UNIV	PO# 539927SUBCONTR AM1	6,365

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
47.070	360	PURDUE UNIVERSITY	501-1390-01	62,934
47.070	360	UNIVERSITY OF OREGON S	S0790A-A AM03	91,917
47.070	365	COLORADO STATE UNIV - FED FLOW	G33141	24
47.070	365	UNIV OF ILLINOIS--FED FLOWTHR	20050451002	176,098
47.070	365	WESTERN MICHIGAN UNIV - FED FLOW	NCFACI0203776	-22
47.074	360	AUBURN UNIV	00-BS-533515-UW MOD02	-370
47.074	360	CLEMSON UNIV	748-7558-206-2003806	36,762
47.074	360	DUKE UNIV	04-SC-NSF-1029, MOD. 1	176,394
47.074	360	FHCRC	0520022902S1001P573919	11,658
47.074	360	FHCRC	0620022903S1394P596988	35,809
47.074	360	FHCRC	2003-102704-501626, M2	-1
47.074	360	UNIV OF WISCONSIN MADI	054F412 144-JW10 MOD05	42,798
47.074	360	UNIV OF WISCONSIN MADISON	P623840 ACCT# 144-LS77	14,690
47.074	360	UNIVERSITY OF FLORIDA	UF03012, AM01	3,392
47.074	360	UNIVERSITY OF OREGON S	S0720E-A, AM01	28,795
47.074	365	ARIZONA STATE UNIV--FED FLOWTHR	03048	30,851
47.074	365	IOWA STATE UNIV	4204017	24,676
47.074	365	UNIVERSITY OF CALIF DAVIS FED	SA6248	-870
47.074	365	UNIVERSITY OF CALIF DAVIS FED	SA6644	-11,199
47.074	365	UNIVERSITY OF CALIFORNIA - FEDER	10252707	30,106
47.074	365	UNIVERSITY OF IDAHO-FED	AAK628	552
47.074	375	Bucknell University	DEB-0343633	713
47.074	375	U of TX	UTA02-120	33,292
47.074	376	LONGINO DUKE UNIV.	01-SCNSF-1007	1,230
47.075	360	STANFORD UNIVERSITY	13501190-31002-B, AM 1	32,835
47.075	360	UNIVERSITY OF COLORADO	154-1507	39,072
47.075	360	US CIVILIAN RSCH & DEV	GEP2 3329 TB 03	7,093
47.075	360	US CIVILIAN RSCH & DEV FNDN	UKB1-2646-LV-05	7,718

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47.075	365	FLORIDA ATLANTIC UNIV - FED FLOW	WRE31	8,543
47.075	365	UNIV OF WI GREEN BAY - FED FLOW	WSU000140	15,465
47.076	360	IOWA STATE UNIV	4206150	16,256
47.076	360	IOWA STATE UNIVERSITY	4202152	14,799
47.076	360	NEW MEXICO STATE UNIVE	Q00983 MOD 1	5,327
47.076	365	GEORGIA STATE UNIV - FED FLOWTHR	BLF5107	23,496
47.076	365	GEORGIA STATE UNIV - FED FLOWTHR	ELT4807	20,369
47.076	365	WESTERN MICHIGAN UNIV - FED FLOW	WSU000188	37,500
47.076	370	The Inland Northwest Community Access Network	531748	17,192
47.076	376	Univ.of South Flo.	1225-1021-00a\A	62,187
47.076	380	San Diego State University Foundation	52270A P1623 78	1,500
47.076	380	University of California San Diego	10228089	4,663
47.076	699	Am Math Assoc Two Yr Colleges	DUE 0442439	18,655
47.078	360	COLORADO ST UNIV	G-3186-1	-7,055
47.078	360	COLORADO ST UNIV	G-3186-1/PO#P311822	1,100
47.078	360	UNIV OF ALASKA	TBD	124,732
47.078	360	UNIV OF CA BERKELEY	SA4106-10100, AM01	47,439
47.078	360	WOODS HOLE OCEANOGRAPH	A100351 MOD02	83,245
47.078	365	OREGON STATE UNIVERSITY - FED	50867A	1,067
59.000	377	WTC	SBA-HQ-04-R-0018	2,500
66.000	360	INTERNATIONAL LIFE SCI	UW BUD# 660213	30,868
66.000	360	MUNICIPALITY OF ANCHOR	P.O 231332	13,138
66.000	360	STATE OF IDAHO	C301	28,474
66.000	360	UNIVERSITY OF SOUTHERN	USM-GR01079-A10 AM 6	61,889
66.000	365	AMERICAN FARMLAND TRUST	REGION10200403	21,134
66.000	365	AMERICAN FARMLAND TRUST	REGION10200404	13
66.000	365	AMERICAN FARMLAND TRUST	REGION10200406	1,787
66.000	365	COLUMBIA RIVER INTER-TRIBAL FISH	C0026	3,108

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66.000	365	DTEC SYSTEMS LLC	WSU000153	-639
66.000	365	ID DEPT HEALTH & WELFARE--FED FL	HC493900	-534
66.000	365	ID DEPT HEALTH & WELFARE--FED FL	HC533400	14,058
66.000	365	ID DEPT OF ENVIRONMENTAL QUALITY	C382	14,286
66.000	365	MICKEY LELAND NAT'L URBAN AIR T	WSU000007	141
66.000	365	PORTLAND STATE UNIV - FED FLOWTH	205ERV014	53,456
66.000	365	PUGET SOUND CLEAN AIR AGENCY	PO #2006272	29,132
66.001	365	ID DEPT OF ENVIR QUAL FED FLOW	C431	-1,701
66.419	370	Kalispel Tribe	536462	8,603
66.469	360	UNIV OF WISCONSIN MILW	K043440	18,505
66.469	360	UNIV OF WISCONSIN MILWAUKEE	K043440	574
66.500	360	CONSORTIUM FOR PLANT BIOTECHNOLOGY	EPA82947901-236	4,623
66.500	360	UNIV OF MICHIGAN	F008805	13,590
66.500	360	UNIVERSITY OF OREGON S	E0101B-A, AMEND #2	47,102
66.500	365	WATER ENVIRONMENT RES FOUND	02CTS6	120,931
66.509	365	KANSAS ST UNIV - FED FLOWTHR	505087	16,275
66.606	365	BOISE STATE UNIVERSITY FED FLOW	129G106100	101,998
66.606	365	BOISE STATE UNIVERSITY FED FLOW	134G106100	45,127
66.606	365	WATER ENVIRONMENT RES FOUND	04DEC11SG	45,546
81.000	360	AICHE	UW BUD# 669740	13,937
81.000	360	BATTELLE PACIFIC NORTH	T.O. 20880-AGRMT 6630	13,321
81.000	360	BATTELLE PACIFIC NW LA	3396-11405 MOD 03	2,054
81.000	360	BATTELLE PACIFIC NW LA	551-8930, MOD03	54,171
81.000	360	BATTELLE PACIFIC NW LA	6630, TASK ORD#11457M2	3,578
81.000	360	BATTELLE PACIFIC NW LA	6630,TO14622 MOD1	120,436
81.000	360	BATTELLE PACIFIC NW LA	MAS ARG #6630 TO#19856	27,119
81.000	360	BATTELLE PACIFIC NW LA	TO354961-AQ0 MOD 03	2
81.000	360	BATTELLE PACIFIC NW LABS	19117	7,281

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81.000	360	BATTELLE PACIFIC NW NA	MASTRAGRMNT6630TO14172	17,406
81.000	360	BROOKHAVEN NATIONAL LA	87125, AMEND 2	1,187
81.000	360	BROOKHAVEN NATIONAL LA	96386	116,685
81.000	360	BROOKHAVEN NATIONAL LABORATORY	87125,AMEND 2	47,188
81.000	360	CERAMATEC, INC.	UW BUD# 669757	3,221
81.000	360	ENERGY & ENVIRONMENTAL	7010001104 MOD02	-314
81.000	360	FERMI NTL ACCELERATOR	564335	44,956
81.000	360	INST FOR RESPONSIBLE M	AM09	45,543
81.000	360	INST FOR RESPONSIBLE M	UW BUD# 667725	-492
81.000	360	LOWER COLUMBIA RIVER E	04-2005	7,311
81.000	360	LOWER COLUMBIA RIVER E	10-2006	21,840
81.000	360	MATERIALS & ELECTROCHE	S9140	9,855
81.000	360	MSNW	UW BUD# 660678	137,646
81.000	360	NATIONAL ACADEMIES	DELS-2150-05-001	108,535
81.000	360	NATIONAL ACADEMIES	DELS-7497-06-001	37,677
81.000	360	NELSON SCIENTIFIC EXPL	UW BUD# 669911	19,434
81.000	360	SANDIA NTL LABS	130142, AMEND 3	13,454
81.000	360	SANDIA NTL LABS	184630 (MOD#4)	86,936
81.000	360	SANDIA NTL LABS	374606	71,516
81.000	360	TERANODE CORPORATION	UW BUD# 660332	41,658
81.000	360	TERANODE CORPORATION	UW BUD# 669907	103,628
81.000	360	UC - LOS ALAMOS NATION	1540	12,915
81.000	360	UC - LOS ALAMOS NATION	32449-REQ-06	40,127
81.000	360	UC - LOS ALAMOS NATION	35020-001-06	6,163
81.000	360	UC - LOS ALAMOS NATION	CDS-1540-06	3,663
81.000	360	UNIV OF CA	B541344 MOD 01	77,147
81.000	360	UNIV OF CA IRVINE	2003-1389 AMEND 15	61,787
81.000	360	UNIV OF CA, ERNEST ORL	6700882, MOD07	367,380

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81.000	360	UNIV OF NEW YORK	UW BUD# 630469	2,774
81.000	360	UNIVERSITY OF CALIFORN	B539653	40,543
81.000	360	UNIVERSITY OF CALIFORN	B539664	21,254
81.000	360	UNIVERSITY OF MEXICO	889186-874J	18,569
81.000	360	UNIVERSITY OF OREGON	234151M	2,301
81.000	360	WA CLOSURE HANFORD LLC	0000X-SC-G0517	64,841
81.000	365	AMER CHEMICAL SOCIETY	WSU000160	214
81.000	365	AMER CHEMICAL SOCIETY	WSU000187	32,190
81.000	365	BATTELLE ENERGY ALLIANCE-FED FLO	00014002	1,914,690
81.000	365	BATTELLE LABS	18591	21,354
81.000	365	BATTELLE LABS	19479	5,972
81.000	365	BATTELLE LABS	327422AN4	150,254
81.000	365	BATTELLE LABS	6633	589,029
81.000	365	BECHTEL BWXT IDAHO - FED FLOWTHR	24590NPPOAHPYF00001	-4,208
81.000	365	BECHTEL HANFORD INC - FED FLOWT	0000XSCG0516	39,848
81.000	365	CONFEDERATED TRIBES OF UMATILLA	WSU000307	2,029
81.000	365	CONSOL	WSU000355	25,526
81.000	365	ECOS CONSULTING	GUAR41771352	677
81.000	365	ECOS CONSULTING	GUAR41771356	896
81.000	365	ENVIRONMENTAL ASSESSMENT SERVICE	WSU000324	8,195
81.000	365	GREENWOOD RESOURCES INC FED FL	WSU000178	138,102
81.000	365	INLAND NW RES ALLIANCE - FED FLO	M234	312,370
81.000	365	LOS ALAMOS NATL SECURITY LLC	3546300106	6,322
81.000	365	MED UNIV S CAROLINA	WSU000301	75,000
81.000	365	MIDWEST RESEARCH INST--FED FLOW	XAA23149002	22,907
81.000	365	N CAROLINA ADV ENERGY CORP - FED	WSU000179	-805
81.000	365	NASULGC FED FLOWTHROUGH	WSU000287	19,047
81.000	365	NAT'L ASSN ST UNIV/LAND GRNT COL	GUAR41431207	1,334

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
81.000	365	NAT'L CONF OF STATE LEGISLATURES	WSU000175	21,698
81.000	365	NEZ PERCE TRIBE--FED FLOW	WSU000014	-1,305
81.000	365	NW ENERGY EFFICIENCY ALLIANCE	C10169	43,121
81.000	365	PROJECT PERFORMANCE CORP	M262	3,265
81.000	365	RS INFORMATION SYSTEMS INC	S1601AWSU	1,301,299
81.000	365	S CAROLINA UNIV RES & EDU-FED FL	WSU000135	-20,524
81.000	365	SANDIA NAT'L LABORATORIES - FED	A0368	239,252
81.000	365	SANDIA NAT'L LABORATORIES - FED	AW9379	-31,090
81.000	365	SANDIA NAT'L LABORATORIES - FED	WSU000174	24,325
81.000	365	UNIV OF CA-BERKELEY - FED FLOW	6490426	-7,418
81.000	365	UNIV OF CA-BERKELEY - FED FLOW	6721142	17,010
81.000	365	UNIV OF CHICAGO/ARGONNE NAT'L	5F00539	156,819
81.000	365	UNIV OF GEORGIA--FED FLOWTHR	RR1853329823147	26,433
81.000	365	UNIVERSITY OF CALIFORNIA - FEDER	2073300105	38,290
81.000	365	UNIVERSITY OF CALIFORNIA - FEDER	B533222	13,763
81.000	365	UNIVERSITY OF CALIFORNIA - FEDER	B538882	9,171
81.000	365	UNIVERSITY OF CALIFORNIA - FEDER	B541020	3,599
81.000	365	UNIVERSITY OF CALIFORNIA - FEDER	B548970	33,283
81.000	365	UT-BATTELLE LLC FED FLOWTHR	4000008068	-2,556
81.000	365	UT-BATTELLE LLC FED FLOWTHR	4000031344	74,480
81.000	477	Columbia Basin Fish & Wildlife Foundation	Agreement	133,698
81.000	477	Kalispel Tribe of Indians	Agreement	187,587
81.000	477	Oregon Dept of Fish & Wildlife	01-4278-S-Fish	114,529
81.000	477	Oregon Dept of Fish & Wildlife	03-5065-S-Fish	327,764
81.000	477	Pacific States Marine Fisheries Commission	05-101	17,771
81.000	477	Pacific States Marine Fisheries Commission	05-102	35,809
81.000	477	Pacific States Marine Fisheries Commission	05-103	19,608
81.000	477	Pacific States Marine Fisheries Commission	05-105	25,446

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81.000	477	Pacific States Marine Fisheries Commission	05-106	52,797
81.000	477	Pacific States Marine Fisheries Commission	05-113	411,380
81.000	477	Pacific States Marine Fisheries Commission	05-56	129,180
81.000	477	Pacific States Marine Fisheries Commission	05-64	32,154
81.000	477	Pacific States Marine Fisheries Commission	05-93	107,790
81.000	477	Pacific States Marine Fisheries Commission	06-26	260,110
81.000	477	Pacific States Marine Fisheries Commission	06-53	46,226
81.000	477	Pacific States Marine Fisheries Commission	06-54	128,905
81.000	477	Pacific States Marine Fisheries Commission	06-55	83,516
81.000	477	Pacific States Marine Fisheries Commission	06-56	5,819
81.000	477	Pacific States Marine Fisheries Commission	06-76	230,979
81.000	477	Pacific States Marine Fisheries Commission	06-80	19,423
81.000	477	Pacific States Marine Fisheries Commission	06-81	20,304
81.000	477	South Central WA Resource Conservation & Developement	Agreement	68,243
81.000	477	Spokane Tribal Business Council	Agreement	196,303
81.000	477	Spokane Tribe of Indians	Agreement	83,151
81.049	360	COLORADO ST UNIV	G-3831-1	11,420
81.049	360	MICHIGAN ST UNIV	61-3226A, AM08	78,715
81.049	360	OHIO STATE U RESEARCH	741751	76,225
81.064	360	BATTELLE PACIFIC NW LA	TO16330-MA6630-MOD3	51,098
81.086	365	UNIV OF CENTRAL FLORIDA-FED FLO	R99035	7,460
81.087	365	UNIV OF CENTRAL FLORIDA	WSU000383	42,503
81.087	365	UNIV OF CENTRAL FLORIDA-FED FLO	WSU000098	171,211
81.087	365	UNIV OF COLORADO - FED FLOW THRU	0000042951	6,492
81.087	365	UNIV OF NEVADA LAS VEGAS FED FLO	0625449HB	7,743
81.106	225	Western Governor's Assoc.	C060147FED	130,833
81.114	365	OREGON STATE UNIVERSITY - FED	G0070AB	112,434
81.999	370	Spokane Tribe	None	101,058

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84.000	360	BRIGHAM YOUNG UNIVERSITY	06-0150	45
84.000	360	CINCINNATI-HAMILTON CN	UW BUD# 668585	-2
84.000	360	HEALTH IMPROVEMENT PAR	UW BUD# 661541	18,591
84.000	360	HEALTH IMPROVEMENT PAR	UW BUD# 669520	5,458
84.000	360	NATL BD FOR PROF TEACH	PD-02-0205-014	134,406
84.000	360	NTL WRITING PROJECT CO	92-WA03-AMEND 20	36,905
84.000	360	NTL WRITING PROJECT CORP	92-WA03	24,012
84.000	360	RAND CONTRACT & GRANT	4099 MOD04	226,980
84.000	360	RAND CONTRACT & GRANT SERV	4099 MOD04	62,006
84.000	360	SUNNYSIDE SCHOOL DIST	UW BUD# 666602	-7
84.000	360	SYRACUSE UNIV	S.U. #3572350 MOD03	15,604
84.000	360	UNIV OF PITTSBURGH	070153 AM 03	46,155
84.000	360	UNIV OF PITTSBURGH	070153 AM02	4,006
84.000	360	UNIV OF PITTSBURGH	070153, AMEND 1	-2,306
84.000	360	UNIVERSITY OF HAWAII M	CDS-THE U OF WASH M3	5,150
84.000	360	UNIVERSITY OF HAWAII M	UW BUD# 666072	-1,203
84.000	360	UNIVERSITY OF PITTSBURGH	070153	58,593
84.000	365	GEORGETOWN UNIV FED FLOW	2065801WSU	20,485
84.000	375	National Writing Project UC Berkeley	92-WA02	68,624
84.018	360	MACEE	UW BUD# 669703	-391
84.031	699	Heritage Univ	HU101105	56,596
84.101	699	Tulalip Tribes	V101A010017-03A	93,785
84.116	360	MISSISSIPPI STATE UNIV	P116Z040141	80,000
84.116	360	PENN STATE UNIV	2387-UW-USDE-0029 M0D3	9,974
84.116	360	UNIV OF ARKANSAS	SA0509155 AM01	860
84.116	360	UNIV OF NEW YORK	F5237.01 AMA02	2,055
84.116	375	State Univerity of NY	26459	15,302
84.116	376	CIEL HAMPSHIRE	P116B020007	15,174

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84.116	380	University of Arizona	P713108	10,056
84.116	699	Concurrent Technologies Corp	050100070	15,520
84.133	360	UNIV OF CALIFORNIA DAV	990029-UW AM02	69,163
84.133	365	INLAND NORTHWEST HEALTH SERVICES	WSU000143	43,262
84.213	699	Clarkston School District	51-02-2X-XXX-00	141,166
84.213	699	Lakewood Schools	0445570	30,041
84.213	699	Wahluke/WSMC	WSMC06	162,821
84.215	365	EDUCATIONAL SVC DISTR #112	03266	9,770
84.215	365	EDUCATIONAL SVC DISTR #112	03267	19,020
84.215	365	UNIVERSITY OF IDAHO-FED	AKK461	123,456
84.215	370	ESD 101	536747,51,65,75	220,950
84.215	370	Spokane Public Schools	536456,68	16,360
84.229	360	THE UNIVERSITY OF CHIC	24918	19,516
84.234	699	Goodwill Industries	H234Q020222-01	14,278
84.287	360	YAKIMA VALLEY FARM WOR	UW BUD# 670196	8
84.287	365	LINCOLN COUNTY - FED FLOWTHR	WSU000056	-931
84.287	365	LINCOLN COUNTY - FED FLOWTHR	WSU000090	-24
84.295	365	PUBLIC BROADCASTING SERVICE	WSU000165	11,991
84.305	375	University of Wisconsin-Madison	174H862	55,700
84.334	699	NLA Gear Up	NLA06	3,610
84.363	360	UNIVERSITY OF COLORADO	0702.10.061.07 MOD02	27,630
84.366	365	EDUCATIONAL SVC DISTR #112	04273	-313
84.366	365	EDUCATIONAL SVC DISTR #112	05266	6,307
84.366	365	EDUCATIONAL SVC DISTR #112	06251	5,566
84.366	365	EDUCATIONAL SVC DISTR #112 FEDFL	05255	43,942
84.366	370	ESD 101	536740,59,91	47,931
84.367	365	EDUCATIONAL SVC DISTR #112	06226	15,466
84.367	365	WA ST HIGHER EDUC COORD BOARD	05IA099	-12,556

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93.000	360	ACRIN	UW BUD# 661852	23,662
93.000	360	ACRIN	UW BUD# 669148	33,761
93.000	360	AEHAP	UW BUD# 670795	2,780
93.000	360	ALAN PENN & ASSOCIATES	R44 CA85101	30,792
93.000	360	ALLEGHENY SINGER RSCH	41094509 AM#4	303
93.000	360	ALLEZ PHYSIONIX LTD	UW BUD# 669347	13,113
93.000	360	AMER ASSOC HLTH PLANS	200-2002-00732	104,387
93.000	360	AMER COLL OF RADIOLOGY	UW BUD# 668266	8,654
93.000	360	AMER INST FOR RSCH	SC-05-02054.001-02	57,940
93.000	360	AMERICAN COL OF RADIOLOGY (ACRIN)	NCA80098, ACRIN 6652	69,342
93.000	360	AMERICAN PSYCHOLOGICAL	UW BUD# 670895	2,850
93.000	360	AMERICAN PSYCHOLOGICAL	UW BUD# 671158	34,353
93.000	360	ARCHEROPTX, INC.	UW BUD# 668964	102,327
93.000	360	ASOCIACION CIVIL IMPAC	CBVCT 01-2006	3,982
93.000	360	ASSOC OF SCHS OF PUBLI	A1015-21/22	59,323
93.000	360	ASSOC OF SCHS OF PUBLI	S1838-21/22	38
93.000	360	ASSOC OF SCHS OF PUBLI	S1838-21/23	7,972
93.000	360	ASSOC OF SCHS OF PUBLI	S1946-21/23	176,059
93.000	360	ASSOC OF SCHS OF PUBLI	S1956-21/23	239,550
93.000	360	ASSOC OF SCHS OF PUBLI	S2084-22/23	96,498
93.000	360	ASSOC OF SCHS OF PUBLI	S3146-23/23	18,756
93.000	360	ASSOC OF SCHS OF PUBLI	S3230-23/23	23,651
93.000	360	ASSOC OF TEACHERS OF P	TH-15/15-STP01-008	-4,191
93.000	360	ASSOC OF TEACHERS OF P	UW BUD# 802490	-298
93.000	360	ASSOCIATION OF SCHOOLS	S3447-24/24	95,993
93.000	360	ASSOCIATION OF SCHOOLS	S3456-23/23	18,580
93.000	360	ASSOCIATION OF SCHOOLS	S3616-24/24	16,742
93.000	360	ATTN: JEWEL TIMPE, SPO	HR.7659.126404UW	65,144

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93.000	360	AUCD	2003-03-02	91,071
93.000	360	AUCD	2003-03-02, AM A	115,200
93.000	360	AUCD	401	2,336
93.000	360	AUCD	AUCD RT01 2004-04-01	77,685
93.000	360	AUCD	AUCD RT012004-04-01YR2	109,285
93.000	360	AUCD	AUCD RTOI 2004-01-05	55,173
93.000	360	AUCD	AUCD RTOI 2004-01-05A1	103,915
93.000	360	AUCD	UW BUD# 668861	54,396
93.000	360	BATTELLE PACIFIC NW LA	14625, MA# 6630	18,949
93.000	360	BATTELLE PACIFIC NW LA	TO#14625; MA6630, MOD1	68,598
93.000	360	BATTELLE PACIFIC NW LABS	14625, MA# 6630	63,089
93.000	360	BATTELLE PACIFIC NW LABS	HL073598	291,889
93.000	360	BHCAIH	6 U26 94 00002-04	55,187
93.000	360	BIOSTAR INC	UW BUD# 663464	-872
93.000	360	BUCK CTR FOR RSCH IN A	2002 AM04	-21
93.000	360	BUCK CTR FOR RSCH IN A	2003 AM03	-145
93.000	360	BUCK CTR FOR RSCH IN A	2017	35,868
93.000	360	CARNEGIE MELLON UNIV	1090087-145355, AM02	54,407
93.000	360	CASE WESTERN RESERVE U	ZZ2647H AMENDMENT 12	308,138
93.000	360	CASE WESTERN RESERVE UNIV	ZZ2647H AMENDMENT 12	44,268
93.000	360	CENTER TO PROTECT WORK	1030-10	12,102
93.000	360	CENTER TO PROTECT WORK	103010, AMEND # 1	51,129
93.000	360	CHILDERN'S HOSPITAL ME	CHMC 133 MOD03	-2,058
93.000	360	CHILDERN'S HOSPITAL ME	CHMC 133 MOD04	280,023
93.000	360	CHILDERN'S HOSPITAL MEDICAL CENTER	CHMC 133 MOD04	16,476
93.000	360	CHILDREN'S HOSPITAL	HR.7659.126404UW	11,171
93.000	360	CHILDREN'S HOSPITAL &	412660060101.UW MOD 3	137,552
93.000	360	CHILDREN'S HOSPITAL &	413390300201	47,083

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93.000	360	CHILDREN'S HOSPITAL & REGIONAL MEDICAL CTR	HR.7659.320203UW01	74
93.000	360	CHILDREN'S RESEARCH IN	389702	-468
93.000	360	CHILDREN'S RESEARCH IN	REF#389701	115
93.000	360	CHILDRENS HOSP & REGIONAL MED CNTR	HR.7659.117405.UW02	1,516
93.000	360	CHILDRENS HOSP AND REG	HR.7659.119401UW1 MOD4	3,854
93.000	360	CHILDRENS HOSP LOS ANG	1T02MC00050-01	8,615
93.000	360	CHILDRENS HOSP PITTSBU	70011-46016-100 AMEND9	248,011
93.000	360	CHILDRENS HOSP PITTSBU	7001146016100 AM05	2,417
93.000	360	CHILDRENS HOSP PITTSBU	BECKER 19111EC109 AM2B	684
93.000	360	CHILDRENS HOSPITAL & REGIONAL MEDICAL	HR.7659.320203UW01, M2	75,425
93.000	360	COLUMBIA UNIVERSITY	SUBGTANT #11	8
93.000	360	COMMUNITY PEDIATRIC FOUNDATION OF WA	UW BUD# 667779	16,068
93.000	360	CONSTELLA GROUP, INC	HHSN291200555553CN01ES	31,014
93.000	360	DUKE CLINICAL RESEARCH	117161	16,355
93.000	360	DUKE CLINICAL RSCH INST	SITE 123	4,718
93.000	360	DUKE UNIV	1-U01HL6901501SITE6200	5,558
93.000	360	DUKE UNIV	UW BUD# 669192	2,892
93.000	360	DUKE UNIVERSITY	AM01	153
93.000	360	DUKE UNIVERSITY	UW BUD# 668114	6
93.000	360	EASTERN VIRGINIA MEDIC	UW BUD# 669959	8,640
93.000	360	EMORY UNIV	5-40050-G1	18,950
93.000	360	ENGINEERING ARTS	030512	17,490
93.000	360	FHCRC	0000600205	123,400
93.000	360	FHCRC	0000605396	35,655
93.000	360	FHCRC	0000606985	16,621
93.000	360	FHCRC	04-200242-01-S0847 M1	12,362
93.000	360	FHCRC	05-200931-02-S1142	14,017
93.000	360	FHCRC	05-201455-01-S1318	18,698

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93.000	360	FHCRC	05-201461-01-S1321	7,347
93.000	360	FHCRC	05-201463-01-S1324	48,279
93.000	360	FHCRC	0510416903S1197P587694	48,379
93.000	360	FHCRC	0520145501S1319 P1990	7,301
93.000	360	FHCRC	0520146101S1322P1993	38,100
93.000	360	FHCRC	0520146301S1325 P1164	7,296
93.000	360	FHCRC	06-102736-04-S1265	771
93.000	360	FHCRC	06-102906-01-S1378	13,662
93.000	360	FHCRC	2002-2978-486179	24
93.000	360	FHCRC	2003 4001-496885, M4	15,946
93.000	360	FHCRC	93-2900-25 MOD#13	38,039
93.000	360	FHCRC	93-2906-62 MOD10	26,001
93.000	360	FHCRC	SA-0500268,M0D 1	24,309
93.000	360	FHCRC	SA-0600299	13,488
93.000	360	FHCRC	SA0400153	-499
93.000	360	FHCRC	SA05000296	86,420
93.000	360	FHCRC	SA0500252	3,801
93.000	360	FHCRC	SA0500253	3
93.000	360	FHCRC	SA0500256	20,045
93.000	360	FHCRC	SA0500260	499
93.000	360	FHCRC	SA0500270	27,403
93.000	360	FHCRC	SA0500300	31,512
93.000	360	FHCRC	SA0500307	24,254
93.000	360	FHCRC	SA0500309	11,693
93.000	360	FHCRC	SA0600292	12,528
93.000	360	FHCRC	SA0600310	94,807
93.000	360	FHCRC	SA0600314	9,451
93.000	360	FHCRC	SA0600317	10,086

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93.000	360	FHCRC	SA0600353	25,231
93.000	360	FHCRC	SA0600356	87,267
93.000	360	FHCRC	SA0600357	39,653
93.000	360	FHCRC	SA0600374	7,122
93.000	360	FHCRC	SA0600380	10,673
93.000	360	FHCRC	SA0600393	1,125
93.000	360	FHCRC	UW BUD# 661070	8,912
93.000	360	FOCALPOINT CONSULTING	HHSH230200412021P-S1	8,902
93.000	360	FOCALPOINT CONSULTING	HHSH230200532040C*	58,796
93.000	360	GEORGE WASHINGTON UNIV	AC21083/4	12
93.000	360	GROUP HEALTH COOPERATI	40163	20,814
93.000	360	GROUP HEALTH COOPERATI	50061UW-GE	14,467
93.000	360	GROUP HEALTH COOPERATI	PO 2006103215	8,993
93.000	360	GROUP HEALTH COOPERATI	UW BUD# 630089	13,202
93.000	360	GROUP HEALTH COOPERATIVE	UW BUD# 660729	24,304
93.000	360	GROUP HEALTH COOPERATIVE	UW BUD# 660871	27,556
93.000	360	GRP HLTH COOP PUGET SO	40100	4,977
93.000	360	GRP HLTH COOP PUGET SO	5 R01AG17057020561UW03	1,260
93.000	360	HAUPTMAN WOODWARD RESE	6207	147,640
93.000	360	HERITAGE COLLEGE	M0D#5	21,663
93.000	360	HMD THERAPEUTICS	UW BUD# 664675	-26
93.000	360	IMPERIAL COLLEGE	LBEE P03156	78,937
93.000	360	IMPERIAL COLLEGE	LBEE P03156 BIOCHEM	37,754
93.000	360	INDIANA UNIVERSITY	UW BUD# 668747	819
93.000	360	INST FOR SYS BIOLOGY	2003.0016	-2,225
93.000	360	INSTITUTE FOR SYSTEMS	2004.0007	36,656
93.000	360	INSTITUTE FOR SYSTEMS	2004.0009 AM02	17,818
93.000	360	INSTITUTE FOR SYSTEMS	2006.0001	28,302

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93.000	360	INSTITUTE FOR SYSTEMS	2006.0002	21,344
93.000	360	JACOBUS PHARM CO INC	UW BUD# 667526	84,034
93.000	360	JBS INTERNATIONAL INC.	270-03-00001 TO0001	37,330
93.000	360	JOHNS HOPKINS UNIV	8303-49867-2, MOD.#3	-2,385
93.000	360	JOHNS HOPKINS UNIV	UW BUD# 668130	-4,562
93.000	360	JOHNS HOPKINS UNIVERSI	862913, MOD 01	16,590
93.000	360	LEGACY EMANUEL HOSP &	R01 EB 00734	4,909
93.000	360	MACRO INTERNATIONAL IN	35049-5S-652	23,472
93.000	360	MASSACHSETTS GENERAL HOSPITAL	NOI-AI-15442. MOD4	301,578
93.000	360	MASSACHUSETTS GENERAL	NOIAI15442 MOD#3	-1,656
93.000	360	MATHSOFT INC	UW BUD# 663583	-511
93.000	360	MCGILL UNIVERSITY HEAL	R01 HL 68553-01	31,258
93.000	360	MCGILL UNIVERSITY HEAL	R01 HL68553	-150
93.000	360	MEDICAL UNIVERSITY OF	AMD31	20,646
93.000	360	MEDICAL UNIVERSITY OF	UW BUD# 668836	8,913
93.000	360	MIMOSA ACOUSTICS, INC.	UW BUD# 630322	7,211
93.000	360	MIMOSA ACOUSTICS, INC.	UW BUD# 661707	63,076
93.000	360	MOLECULAR SCIENCES INS	400-30-8	37,916
93.000	360	MOUNT SINAI SCH OF MED	0254-6482-4609	40
93.000	360	MOUNT SINAI SCH OF MED	0254-6483-4609	-932
93.000	360	MOUNT SINAI SCH OF MED	025464834609	-16,351
93.000	360	MOUNT SINAI SCHOOL OF	0254-6483-6483-4609	183,308
93.000	360	MOUNT SINAI SCHOOL OF	UW BUD# 669822	156,508
93.000	360	MOUNT SINAI SCHOOL OF MEDICINE	UW BUD# 630381	11,242
93.000	360	MOUNT SINAI SCHOOL OF MEDICINE	UW BUD# 630382	15,727
93.000	360	NATIONAL CHILDHOOD CAN	13363	61,648
93.000	360	NATIONAL CHILDHOOD CAN	14202 AM01/U10CA98543	156,968
93.000	360	NCIRE	000693	12,641

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93.000	360	NCIRE	1 R01 NS045085 A04	27,310
93.000	360	NEW ENGLAND MEDICAL CENTER	UW BUD# 630330	6,263
93.000	360	NORTH SHORE LONG ISLAN	N01-AR-2-2263	119
93.000	360	NORTHROP GRUMMAN INFOR	SAMHSA-SC-05-129	114,697
93.000	360	OREGON DEPARTMENT OF H	112400	15,938
93.000	360	OSEL, INC.	UW BUD# 660940	117,852
93.000	360	PACIFIC HEALTH RESEARC	PHRI 20101-03-06	58,662
93.000	360	PACIFIC HEALTH RESEARCH INSTITUTE	PHRI 20101-03-05	3,447
93.000	360	PACIFIC TECHNOLOGIES	UW BUD# 666559	7,434
93.000	360	PATIENT INFOSYSTEMS IN	UW BUD# 667584	16
93.000	360	PENNINGTON BIOMEDICAL	UW BUD# 630246	44,184
93.000	360	PHANTOMS BY DESIGN INC	UW BUD# 661583	51,869
93.000	360	POLICY RESEARCH ASSOCI	185-4552 MOD05	-64
93.000	360	PRIMARY IMMUNODEFICIENCY RSCH	N01-A1-30070	53,439
93.000	360	PROGRAM FOR APPROPRIAT	NIH.1213-01708-SUB	56,328
93.000	360	PROGRAM FOR APPROPRIAT	NIH.1213-01708-SUB, M1	68,024
93.000	360	RAND CONTRACT & GRANT	4431, MOD01	68,688
93.000	360	RECONNECTING YOUTH COM	UW BUD# 660125	30,001
93.000	360	RECONNECTING YOUTH COM	UW BUD# 669248	11,108
93.000	360	ROCKEFELLER UNIV	5 R01 MH 61399-03	1,026
93.000	360	RUTGERS UNIVERSITY	1990, RU ACCT# 4-29929	59,514
93.000	360	SAIC FREDERICK INC	24XS088 (SO345)	33
93.000	360	SAIC FREDERICK INC	24XS111	140,473
93.000	360	SAIC FREDERICK INC	C24XS036POSS0207TO1M1	63,744
93.000	360	SAIC FREDERICK INC	POSS0208TO00324XS036M1	72,578
93.000	360	SAINT LOUIS UNIVERSITY	UW BUD# 666682	383,402
93.000	360	SAINT LOUIS UNIVERSITY	UW BUD# 667349	-193,630
93.000	360	SCLERODERMA RSCH FNDN	UW BUD# 800324	13,270

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
93.000	360	SCLERODERMA RSCH FNDN	UW BUD# 800675	42,158
93.000	360	SCRIPPS RSCH INST	5-70562	1
93.000	360	SCRIPPS RSCH INST	PO 5-73631	16,253
93.000	360	SCRIPPS RSCH INST	PO 5-73761	27,947
93.000	360	SCRIPPS RSCH INST	PO 5-73995	32,494
93.000	360	SCRIPPS RSCH INST	PO#5-73779	236,813
93.000	360	SEATTLE BIOMEDICAL RSC	UW BUD# 660742	28,072
93.000	360	SEATTLE INST FOR BIOME	CSI-20	13,831
93.000	360	SEATTLE INST FOR CARDIAC RSCH	UW BUD# 668049	11,707
93.000	360	SEATTLE INSTITUTE OF C	UW BUD# 660579	60,284
93.000	360	SEATTLE INSTITUTE OF C	UW BUD# 668060	-1,683
93.000	360	SEATTLE INSTITUTE OF C	UW BUD# 668902	6,390
93.000	360	SEATTLE-KING CO DEPT O	D33774D	71,368
93.000	360	SEATTLE-KING COUNTY DE	D34034D AMEND #3	98,677
93.000	360	SOCIAL & SCIENTIFIC SY	A320.63U OF WASH	3,082
93.000	360	SOCIAL & SCIENTIFIC SY	AACTG.27.5170.02 MOD2	11,068
93.000	360	SOCIAL & SCIENTIFIC SY	AACTG.42.UICTU.01 MOD2	69,546
93.000	360	SONIC CONCEPTS INC	UW BUD# 666035	-60
93.000	360	SOUTH PUGET INTERTRIBA	UW BUD# 660253	29,494
93.000	360	SOUTH PUGET INTERTRIBA	UW BUD# 668397	7
93.000	360	SOUTHWEST ONCOLOGY GRO	UW BUD# 666406	41,023
93.000	360	SOUTHWEST ONCOLOGY GRO	UW BUD# 666409	44,375
93.000	360	SOUTHWEST ONCOLOGY GRO	UW BUD# 669691	14,973
93.000	360	ST LOUIS UNIVERSITY	UW BUD# 666580	94,934
93.000	360	ST LOUIS UNIVERSITY	UW BUD# 666581	77,247
93.000	360	ST LOUIS UNIVERSITY	UW BUD# 667350	-69,289
93.000	360	STARPHARMA, LTD.	UOW2004-9	207,774
93.000	360	STATACORP LP	UW BUD# 669061	12,000

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93.000	360	SWEDISH MEDICAL CENTER	PN-WILM-FNIH9621.06 M2	-699
93.000	360	TALARIA	UW BUD# 661170	7,225
93.000	360	TERANODE CO.	ZRG1 SSSH(01)B	-231,898
93.000	360	THE SCRIPPS RESEARCH I	PO # 5-73624	4,067
93.000	360	THE UNIVERSITY OF IOWA	1 22048 00	346,776
93.000	360	UCLA	UW BUD# 630229	3,389
93.000	360	UCSF	ITN10220-00SC	11,033
93.000	360	UCSF	UW BUD# 661089	8,631
93.000	360	UCSF	UW BUD# 661567	18,578
93.000	360	UNIV OF ALABAMA	HHSN266200400068C AM 1	949,976
93.000	360	UNIV OF ALABAMA	N01-HC-95095 AM02	17,687
93.000	360	UNIV OF ALABAMA	UW BUD# 660660	11,013
93.000	360	UNIV OF ALABAMA	UW BUD# 662443	69,660
93.000	360	UNIV OF ALABAMA	UW BUD# 669394	55,763
93.000	360	UNIV OF CA DAVIS	98CT2052-1 AMEND A-04	-6,599
93.000	360	UNIV OF CA SAN DIEGO	10221507-002	114,743
93.000	360	UNIV OF CA SAN DIEGO	10221507-003	449,971
93.000	360	UNIV OF CA SAN DIEGO	PO 10135316-008	5,678
93.000	360	UNIV OF CA SAN DIEGO	PO 10135316-009	276,910
93.000	360	UNIV OF CA SAN DIEGO	PO 10135316-010	9,885
93.000	360	UNIV OF CA SAN FRANCIS	3187SC AM03	-46
93.000	360	UNIV OF CALIFORNIA, LO	PO 2000 G CJ110 REV05	1,466
93.000	360	UNIV OF CINCINNATI	P808, AMEND # 3	2,546
93.000	360	UNIV OF MARYLAND	Z157101 MOD E	92
93.000	360	UNIV OF MED & DENTISTRY OF NEW JERSEY	UW BUD# 671171	243,180
93.000	360	UNIV OF MICHIGAN	UW BUD# 630233	61,397
93.000	360	UNIV OF N CAROLINA CHA	5-38162	33,883
93.000	360	UNIV OF PENNSYLVANIA	5-37164-A MOD 04	14,677

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
93.000	360	UNIV OF PITTSBURGH	107042 AM01	11,295
93.000	360	UNIV OF PITTSBURGH	110333-1	122,799
93.000	360	UNIV OF PITTSBURGH	703303-01 A01	24,494
93.000	360	UNIV OF WISCONSIN - MA	PO57061,MOD04	15,954
93.000	360	UNIVERSITY OF ALABAMA,	TASK ORDER 1	12,159
93.000	360	UNIVERSITY OF ALBERTA	UW BUD# 669427	39,770
93.000	360	UNIVERSITY OF CALIFORN	4318SC AMEND 1	94,362
93.000	360	UNIVERSITY OF CALIFORNIA	4318SC AMEND 1	50,167
93.000	360	UNIVERSITY OF CHICAGO	5-30474-8604 MOD01	5,104
93.000	360	UNIVERSITY OF HAWAII	C000227 MOD06	971
93.000	360	UNIVERSITY OF SOUTHERN	USC H 30604 AM01	26,156
93.000	360	UNIVERSITY OF SOUTHERN CA	H33474	18,737
93.000	360	UNIVERSITY OF VERMONT	16598 AMD 1	32,516
93.000	360	VANDERBILT UNIVERSITY	VUMC 31997-R	2,204
93.000	360	VIRGINIA COMMONWEALTH	521555/PO P354244	-9,894
93.000	360	VISIONGATE, INC.	HHSN261200433010CSBIR1	-7,074
93.000	360	WAKE FOREST UNIVERSITY	NO1-HC-95182 MOD07	1,846,014
93.000	360	WILLIAM MARSH RICE UNI	R20981-2490005	32,693
93.000	360	YAKAMA TRIBAL COUNCIL	UW BUD# 668967	52,882
93.000	365	AXIO RESEARCH COMPANY LLC	WSU000335	4,277
93.000	365	GEORGETOWN UNIV	RX4330006WSU	1,799
93.000	365	HARRIS & SMITH PUBLIC AFFAIRS	WSU000288	8,000
93.000	365	INNOVATION RSRCH & TRNG INC FED	2R44DA01604402	60,705
93.000	365	LINCOLN COUNTY - FED FLOWTHR	WSU000138	8,093
93.000	365	OREGON STATE UNIVERSITY - FED	P0209AC	128,600
93.000	365	SAIGENE CORPORATION	WSU000181	77,857
93.000	365	UNIV OF NC CHAPEL HILL FED FLOWT	532553	90,302
93.103	360	UNIVERSITY OF TEXAS/SOUTHWESTERN MEDICAL CENTER	FD-R-001661-01	4,774

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93.104	370	State of Idaho	536445,63	257,557
93.110	360	SWEDISH MED CTR	PNWILMFMCH-9971.01 M4	31,734
93.110	360	UCLA	1920 G EB631 A03	19,760
93.113	360	CHILDRENS HOSP PITTSBURGH	70019-066586-100	53,858
93.113	360	FHCRC	04 102554-03-S0789	940,654
93.113	360	FHCRC	05 102554-03-S1029	28,717
93.113	360	FHCRC	05 102554-04-S1029	184,967
93.113	360	UNIV OF CA BERKELEY	SA3138-32089PG#4&5	20,504
93.113	360	UNIV OF PENNSYLVANIA	537908	25,986
93.113	360	UNIVERSITY OF CALIFORN	SA3889PG; PO#711688	-1
93.113	365	UNIVERSITY OF IDAHO-FED	ABK14704A	60,087
93.114	360	HARVARD SCHOOL OF PUBL	2 R01 ES009718	-6,933
93.114	360	HARVARD UNIVERSITY	112097 MOD01	13,300
93.114	360	TEXAS A&M RESEARCH FOU	AGREEMENT S050001 AM01	13,082
93.121	360	BOSTON UNIVERSITY	6822-5,MC-494951-B-AJ	4,852
93.121	360	CHILDRENS HOSP SEATTLE	413680010101.UW	28,049
93.121	360	UNIV OF CA SAN FRANCIS	3143SC	-1,323
93.121	360	UNIV OF CA SAN FRANCIS	3408SC	229,476
93.121	360	UNIV OF CA SAN FRANCIS	UW BUD# 670874	24,122
93.121	360	UNIV OF MINNESOTA	B6146038205	20,711
93.121	360	UNIVERSITY OF FLORIDA	UF01006 MOD03	40,437
93.121	360	UNIVERSITY OF MINNESOT	B6146038204	4,728
93.121	360	UNIVERSITY OF MINNESOT	B6146038205	352,673
93.121	360	UNIVERSITY OF MINNESOT	U6146038203	1,740
93.134	360	HOPE HEART INSTITUTE	1727-03 AM01	62,921
93.135	360	HARVARD SCHOOL OF PUBL	3 U48 DP000064-02S1	25,483
93.136	360	JOHNS HOPKINS UNIVERSI	JHU PO# 8208-12075-1	2,017
93.142	360	UCLA	2105 G EB227 AM03	141,361

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93.142	360	UCLA	2105 G EB228 AM01	38,924
93.142	360	UCLA	2105G EB227	-1,364
93.145	360	UNIV OF CA SAN FRANCIS	3937SC	113,691
93.172	360	FHCRC	05-200215-02S1028	-20
93.172	360	UNIVERSITY OF CALIFORN	008283, AMEND 2	93,084
93.172	360	UNIVERSITY OF CALIFORN	008283-01	-904
93.172	360	UNIVERSITY OF CALIFORN	008283-01, AM01	22,533
93.173	360	UNIV OF CA SAN DIEGO	10135316-004	13
93.173	360	UNIV OF IOWA	4000523511	6,793
93.173	360	UNIVERSITY OF IOWA	4000531979	48,986
93.184	360	JOHNS HOPKINS UNIV	UW BUD# 660533	19,508
93.184	360	JOHNS HOPKINS UNIV	UW BUD# 667507	10,891
93.185	360	JOHNS HOPKINS UNIVERSI	PO # 70261	6,255
93.213	360	FHCRC	0000611873	2,929
93.213	360	UNIV OF PITTSBURGH	109639-4	35,476
93.213	360	UNIV OF PITTSBURGH	110980-1	406,231
93.213	360	YALE UNIV	1 R01 AT002105-01	25
93.213	360	YALE UNIV	5 R01 AT002105-03	106,704
93.224	360	SEATTLE KING COUNTY	D35108D	58,635
93.224	360	SEATTLE KING COUNTY	D32933D, AM01	-6
93.224	360	SEATTLE KING COUNTY	D34155D	-17
93.226	360	CHILDREN'S HOSP & REGI	HR,7659,123804UW	17,508
93.226	360	CHILDRENS HOSP & REGIONAL MED CNTR	41291.001.03.01UW	53,990
93.226	360	GRP HLTH COOP PUGET SO	40119-UW	63,858
93.226	360	GRP HLTH COOP PUGET SO	PO#2006112200	5,287
93.226	360	MONTEFIORE MEDICAL CENTER	5 R18 11866	11,964
93.226	360	UNIVERSITY OF COLORADO	FY05001009 UWASH A3YR4	5,492
93.226	360	UNIVERSITY OF COLORADO	FY06001013UWAS AMD4YR5	139,961

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
93.226	360	UNIVERSITY OF COLORADO HEALTH SCIENCES	FY05001009 UWASH A3YR4	73,323
93.226	360	UNIVERSITY OF COLORADO HEALTH SCIENCES	FY06001013UWAS AMD4YR5	116,671
93.230	360	OREGON HEALTH AND SCIE	GPHPM0027B AM03	47,667
93.230	360	OREGON HLTH SCI UNIV	GPHPM0027B AM02	14,688
93.230	360	OREGON HLTH SCI UNIV	GPHPM0027B,AM01	-199
93.230	360	POCAAN	1 H79 T115917-02	13,282
93.230	360	POCAAN	1 H79 T115917-03	71,808
93.233	360	BROWN UNIVERSITY	1471-27462 PO P980425	24,087
93.242	360	CHILDRENS HOSP SEATTLE	HR/7659,105602UW01	-85
93.242	360	DARTMOUTH COLLEGE	5-30298.570	51,745
93.242	360	GROUP HEALTH COOPERATI	2006109177	17,018
93.242	360	GROUP HEALTH COOPERATI	40145	49,390
93.242	360	GRP HLTH COOP PUGET SO	PO 2006102177 MOD 1	9
93.242	360	GRP HLTH COOP PUGET SOUND	90670UW	20,636
93.242	360	OREGON RSCH INST	NONE, MOD#04	2,802
93.242	360	OREGON RSCH INST	R01 MH065340 MOD#2	92,908
93.242	360	PENN STATE UNIV	2364-UW-DHHS-2988 AM02	3,207
93.242	360	RAND CORPORATION	9920060015, MOD #1	174,444
93.242	360	UCLA	0875 G EE631 A3	95,656
93.242	360	UCLA	0875 P GF336	51,082
93.242	360	UNIV OF COLUMBIA	ONE(1)	166,671
93.242	360	UNIV OF NORTH CAROLINA	5-33855	55,816
93.242	360	UNIVERSITY OF MARYLAND	Z182801, AM C	26,253
93.242	360	UNIVERSITY OF ROCHESTE	413170-G	4,321
93.242	360	UNIVERSITY OF SOUTHERN	H31544	59,929
93.242	360	UNIVERSITY OF SOUTHERN	H33407 AM01	45,826
93.242	365	PURDUE UNIVERSITY - FED FLOWTHR	51041031	4
93.249	360	UNIV OF MARYLAND AT BA	S01755, MOD04	-5

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93.252	360	SEATTLE - KING COUNTY	D34353D	10,396
93.262	360	COLORADO ST UNIV	G-4607-3	7,852
93.262	360	FHCRC	05-200859-01-S1065	-25,970
93.262	360	FHCRC	06-200859-02-S1301	141,659
93.262	360	HARVARD SCHOOL OF PUBL	UW BUD# 661579	42,806
93.262	360	KAISER FOUNDATION RSCH	115-9327-01M1	5,820
93.262	360	KAISER FOUNDATION RSCH	115-9327-01M2	7,419
93.273	360	COLORADO UNIV	FY04. 150.001	1,506
93.273	360	IOWA STATE UNIVERSITY	430-78-12, AM01	171,074
93.273	360	PENNSYLVANIA STATE UNI	2827-UW-DHHS-2529	221,376
93.273	360	RESEARCH TRIANGLE INST	7-48U-7901 MOD 7	9,246
93.273	360	SAN DIEGO STATE UNIVER	53257BP16607804211CSME	16,255
93.273	360	SAN DIEGO STATE UNIVER	53257CP16607804211E000	3,165
93.273	360	UNIV OF WISCONSIN - MA	L335694	112,119
93.273	360	UNIV OF WISCONSIN - MADISON	5 R01 AA014685	20,023
93.273	360	UNIVERSITY OF WISONSIN	L334644	-4
93.273	360	USERSPACE CORPORATION	2005-0502 AM01	9,218
93.273	365	PACIFIC INSTITUTE FOR RES & EVAL	WSU000004	-187
93.273	376	Univ. of Wa.	141210	15,780
93.273	376	Univ. of Wa.	839178	-23,173
93.279	300	RMC Research	DASA 8376	85,229
93.279	360	DUKE UNIV	04-SC-NIH-1013, MOD02	43,470
93.279	360	DUKE UNIVERSITY	303-7273	5,504
93.279	360	NORTHEASTERN UNIVERSIT	549503P524261 MOD02	91,534
93.279	360	UCLA	2000 GR012	89,939
93.279	360	UNIV OF CA DAVIS	010059-07	3,425
93.279	360	UNIV OF MICHIGAN	UW BUD# 630275	18,222
93.279	360	VIRGINIA COMMONWEALTH	5-21082/PO#P110754	8,893

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93.279	360	VIRGINIA COMMONWEALTH	520647/PO#0636199	5,918
93.279	360	VIRGINIA COMMONWEALTH	521429/PO P116384	26,522
93.279	365	PACIFIC INSTITUTE FOR RES & EVAL	320020	16,424
93.279	376	U.WA-FEEDBACK	143584	9,518
93.282	360	UNIVERSITY OF MICHIGAN	1T32MH06755501P3004974	45,635
93.282	360	UNIVERSITY OF MICHIGAN	PO# 3000525989	29,997
93.283	360	ASSOC OF SCHS OF PUBLI	D3295-23/23	1
93.283	360	ASSOCIATION OF AMERICA	MM-0625-04/04	163,015
93.283	360	CHILDRENS HOSP & REGIONAL MED CNTR	HR.7659.110405UW01	6,164
93.283	360	CHILDRENS HOSP SEATTLE	414230010101. UW	50,864
93.283	360	CHILDRENS HOSP SEATTLE	HR.7659.110405UW03	290,529
93.283	360	CHILDRENS HOSP SEATTLE	HR76591110405UW02	13,443
93.283	360	PUBLIC HEALTH-SEATTLE & KING COUNTY	D36249D	15,253
93.283	360	SEATTLE KING COUNTY	D34198D	-60
93.283	360	SEATTLE-KING COUNTY	D34949D	-11,086
93.283	360	SEATTLE-KING COUNTY DE	D34121D, AM03	40,726
93.283	360	SEATTLE-KING COUNTY DE	D35097D AMD#1	59,496
93.283	360	SOUTHERN CALIFORNIA PE	U48/CCU919219-04-3	279
93.283	360	SOUTHERN CALIFORNIA PE	U48/CCU919219-04-4	192,724
93.283	360	SOUTHERN CALIFORNIA PERMANENTE MED GROUP	U48/CCU919219-04-4	12,178
93.283	360	UNIV OF COLORADO	FY03. 051. 007	-4,413
93.283	360	UNIV SOUTH CAROLINA	03-815, P.O.#22570J	-7,354
93.283	360	UNIV SOUTH CAROLINA	04-0916, AM01	-10,978
93.283	360	UNIVERSITY OF COLORADO	FY05.253.003, AMEND 1	427,407
93.283	360	USC	05-1040, PO#41801	149,614
93.283	360	UTAH DEPARTMENT OF HEA	066388	61,385
93.283	365	COMMUNITY CHOICES 2010-FED FLOW	200520	3,345
93.283	365	COMMUNITY CHOICES 2010-FED FLOW	20063	13,741

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93.286	360	COLORADO ST UNIV	G-4628-1, MOD03	127,499
93.286	360	RUTGERS UNIVERSITY	2172, RU 4-22515-10578	5,936
93.286	360	UNIV OF CA, IRVINE	2003-1328 MOD03	115,392
93.307	360	MOUNTAIN STATES GROUP,	UW BUD# 662059	24,520
93.333	360	PUGET SOUND BLOOD CTR	931-UW1-2001-2006	34,788
93.361	360	BAYLOR COLLEGE OF MEDI	PO 4600412829 AM04	52,837
93.361	360	OREGON HEALTH SCIENCES	GS0N00135A	36,935
93.361	360	SWEDISH MED CTR	NR07787-04	58,338
93.361	360	UNIV OF CA SAN FRANCIS	2718SC AM03	-371
93.361	360	UNIV OF CA SAN FRANCIS	2718SC AM05	44,925
93.361	360	UNIVERSITY OF CALIFORN	4308SC	19,254
93.361	360	UNIVERSITY OF CALIFORNIA	4308SC	8,245
93.389	360	CHILDREN'S HOSPITAL&RE	413450050201.UW	761
93.389	360	MONTANA STATE UNIV	F180-06-436274	10,908
93.389	360	MONTANA STATE UNIV	G00205Z3532 MOD01	12,813
93.389	360	STANFORD UNIV.	15024040-469-A	63,543
93.389	360	STANFORD UNIV.	15024040-469-A,AM1	14,195
93.389	360	UNIV OF WISCONSIN - MA	P389885 MOD01	45,002
93.389	360	UNIV OF WISCONSIN - MA	P391510	280,140
93.389	360	UNIV OF WISCONSIN - MADISON	P391510	28,031
93.389	360	UNIVERSITY OF RHODE IS	113005/0000905	6,601
93.389	360	VIRGINIA MASON HOSP AS	UW BUD# 631687	39,275
93.393	360	FHCRC	0000611762	2,713
93.393	360	FHCRC	03-102277-04-S0402 AM1	13,589
93.393	360	FHCRC	04-102279-04-S0827 M1	-5
93.393	360	FHCRC	04-102490-03-S0868	-2
93.393	360	FHCRC	04-106157-03-S0910	7,482
93.393	360	FHCRC	05-102490-04-S1170	75,169

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
93.393	360	FHCRC	05-106734-05-S1250	6,224
93.393	360	FHCRC	05-107656-03-S1261	33,693
93.393	360	FHCRC	05-200885-01-S1131	1,553
93.393	360	FHCRC	05-201442-01-S1288	6,643
93.393	360	FHCRC	0520089001S1069PO57513	1,983
93.393	360	FHCRC	06-200198-03-S1312	127,645
93.393	360	FHCRC	06-200890-02-S1379	9,464
93.393	360	FHCRC	0620070602S1266P591446	9,630
93.393	360	FHCRC	0620088502S1328P593565	7,210
93.393	360	FHCRC	0620159801S1381P596332	37,673
93.393	360	FHCRC	2003-3164-503817	1
93.393	360	FHCRC	SA0500244	14,805
93.393	360	FHCRC	SA0600365	13,145
93.393	360	FHCRC	SUBAWARD NO.0000610722	2
93.393	360	GROUP HEALTH COOPERATI	40164	11,449
93.393	360	GROUP HEALTH COOPERATI	40165	166,142
93.393	360	GROUP HEALTH COOPERATIVE	40165	24,619
93.393	360	HARVARD SCHOOL OF PUBL	R01CA81345-03, AMD 2	-919
93.393	360	JOHNS HOPKINS UNIV	8303-49867-2, MOD.#4	49,615
93.394	360	CHILDREN'S MEMORIAL HO	900573 MOD3	9,047
93.394	360	CHILDREN'S MEMORIAL HOSPITAL	2002-047T-UW-A4 AMND 4	14,653
93.394	360	COLUMBIA UNIVERSITY	ONE (1)	23,556
93.394	360	FHCRC	05-200553-02-S1279 AM1	23,360
93.394	360	FHCRC	05-200909-01-S1127	16,295
93.394	360	FHCRC	06-200909-02-S1383	51,952
93.394	360	FHCRC	06-201527-01-S1317	13,919
93.394	360	FHCRC	2002-6317-495736, AM02	-1,056
93.394	360	FHCRC	UW BUD# 630274	3,598

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
93.394	360	UNIV OF PENNSYLVANIA	537816 MOD03	8
93.394	360	UNIVERSITY OF ILLINOIS	2005-02774-01	28,500
93.394	360	VAN ANDEL RESEARCH INS	UW-NCI-BH-10-40081-1	7,569
93.394	360	WEST VIRGINIA UNIV	01-335-UW, AMD 2	58,755
93.394	360	WEST VIRGINIA UNIVERSI	01-335-UW	10,030
93.395	360	DUKE UNIV	UW BUD# 667650	2,963
93.395	360	FHCRC	0000597129	44,219
93.395	360	FHCRC	0000601317	41,667
93.395	360	FHCRC	0000602275	13,040
93.395	360	FHCRC	04-104125-05-S0950	33,781
93.395	360	FHCRC	04-104161-02-S0849	697
93.395	360	FHCRC	05-201494-01-S1292	384,370
93.395	360	FHCRC	05-201496-01-S1283	77,706
93.395	360	FHCRC	0510416103S1053P573692	4,854
93.395	360	FHCRC	0520089201S1070P575898	15,942
93.395	360	FHCRC	06-201497-01-S1291	49,215
93.395	360	FHCRC	0620089202S1391P596849	55,416
93.395	360	FHCRC	597130	9,198
93.395	360	FHCRC	606556	39,052
93.395	360	FHCRC	SA0500250	53,315
93.395	360	FHCRC	SA0600371, MOD 1	55,495
93.395	360	JOHNS HOPKINS UNIV	8510-38527-X	57,888
93.395	360	SIBCR	LS2-16	9,417
93.395	360	SOUTHWEST ONCOLOGY GRO	SWOG-05002	44,733
93.395	360	SOUTHWEST ONCOLOGY GRO	SWOG-05016	-8,872
93.395	360	SOUTHWEST ONCOLOGY GRO	SWOG-05017	-1,497
93.395	360	UNIV OF CA DAVIS	II-005006-04	9,784
93.395	360	UNIVERSITY OF MICHIGAN	UW BUD# 613394	41,643

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
93.395	360	UNIVERSITY OF MICHIGAN	UW BUD# 660829	7,900
93.395	360	UNIVERSITY OF MICHIGAN	UW BUD# 660830	41,656
93.395	360	VIRGINIA MASON RSCH CT	1722.03	6,984
93.395	365	FRED HUTCHINSON CANCER RES-FED	051073380351192	69,202
93.395	365	FRED HUTCHINSON CANCER RES-FED	GUAR29570237	16,293
93.395	365	MEDICAL UNIV OF SOUTH CAROLINA	1R01CA10255801A1	44,890
93.396	360	FHCRC	03-104162-04-S0444 AM2	42,394
93.396	360	FHCRC	05-201409-01-S1242	19,089
93.396	360	FHCRC	0520131301S1182P586418	79,850
93.396	360	FHCRC	0620158401S1330P594076	14,207
93.396	360	FHCRC	5 R21NR00894702 587447	68,872
93.396	360	WASHINGTON UNIVERSITY	WU-03-122,PO#29146C	14,929
93.397	360	FHCRC	0000600603	1,848
93.397	360	FHCRC	0000600625	997
93.397	360	FHCRC	0000605595	3,668
93.397	360	FHCRC	0000611484	22,273
93.397	360	FHCRC	0000611601	16,822
93.397	360	FHCRC	000605118	41,498
93.397	360	FHCRC	03-101047-01-SO728MOD1	-589
93.397	360	FHCRC	04-101019-02-S0926	-191
93.397	360	FHCRC	04-102862-05-S08337	-1,165
93.397	360	FHCRC	04-200289-01-S0853	-174
93.397	360	FHCRC	04-200416-02-S0919	6,433
93.397	360	FHCRC	05 P30 CA015704-33	96,361
93.397	360	FHCRC	05-101019-03-S1226	26,753
93.397	360	FHCRC	05-101025-03-S1224	49,172
93.397	360	FHCRC	05-101035-03-S1223	28,066
93.397	360	FHCRC	05-101150-03-S1220	15,258

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93.397	360	FHCRC	05-103866-03-S1219	73,597
93.397	360	FHCRC	05-200306-02-S1105	18,318
93.397	360	FHCRC	05-200308-02-S1058 M1	26,298
93.397	360	FHCRC	05-200312-02-S1052	619
93.397	360	FHCRC	05-200921-02-S1099	51,180
93.397	360	FHCRC	05-200925-02S1100 &AM1	8,734
93.397	360	FHCRC	0520028902S1057P573716	7,263
93.397	360	FHCRC	0520030602S1098P577872	927
93.397	360	FHCRC	0520030602S1104PO78269	24,779
93.397	360	FHCRC	0520090003S1227P588478	128,685
93.397	360	FHCRC	0520091902S1087P577379	41,806
93.397	360	FHCRC	0520092802S1101P577769	38,853
93.397	360	FHCRC	0520092902S1102P577772	29,691
93.397	360	FHCRC	0520093002S1103P577773	46,918
93.397	360	FHCRC	0520097902S1091P576915	257
93.397	360	FHCRC	06-200306-03-S1420	31,723
93.397	360	FHCRC	06-200306-03-S1422	31,069
93.397	360	FHCRC	06-200306-03-S1424	20,804
93.397	360	FHCRC	06-200936-02-S1340	17,145
93.397	360	FHCRC	06-200952-02-S1343	9,015
93.397	360	FHCRC	06-201742-01-S1439	143,232
93.397	360	FHCRC	06-201744-01-S1412	5,571
93.397	360	FHCRC	06-201746-01-S1440	43,161
93.397	360	FHCRC	0620028903S1425P598281	27,526
93.397	360	FHCRC	0620030603S1419P598214	52,939
93.397	360	FHCRC	0620030603S1423P598237	33,000
93.397	360	FHCRC	0620095302S1344P597889	49,447
93.397	360	FHCRC	2002-2866-484059	1

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
93.397	360	FHCRC	2003-4161-497167	-1,337
93.397	360	FHCRC	5 P30 CA015704-33	192,053
93.397	360	FHCRC	588383	100,200
93.397	360	FHCRC	600626	1,355
93.397	360	FHCRC	600639	6,760
93.397	360	FHCRC	600647	3,597
93.397	360	FHCRC	600651	2,042
93.397	360	FHCRC	600668	354
93.397	360	FHCRC	UW-05-200953-01-S1119	12,085
93.397	360	FHCRC	UW-05-200953-01-S1120	4,690
93.397	360	FHCRC	UW0520093601S1111P5794	-217
93.397	360	FHCRC	UW0620095402S1347 A01	12,861
93.397	360	HARVARD MEDICAL SCHOOL	5 P50 CA093683-04	75,646
93.397	360	UNIV OF CA SAN FRANCIS	3641SC	7,503
93.399	360	EMORY UNIV	5-40255-G4	1,680
93.399	360	FHCRC	0000571238 AM01	11,798
93.399	360	FHCRC	0000583636 AMEND 1	47,930
93.399	360	FHCRC	0000596416, AM#1	260,799
93.399	360	FHCRC	0000600344	8,708
93.399	360	FHCRC	0000600951	14,576
93.399	360	FHCRC	0000604181 AM01	291,664
93.399	360	FHCRC	0000612235	4,452
93.399	360	FHCRC	04-102669-02-S0864	-13
93.399	360	FHCRC	04-102736-02-S0777	-4,127
93.399	360	FHCRC	04-103828-03-S0957	1,042
93.399	360	FHCRC	04-103837-03-S1004	-10,759
93.399	360	FHCRC	04-103838-03-S1003	-8,915
93.399	360	FHCRC	04-103839-03-S1167 AM1	49,609

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93.399	360	FHCRC	04-108123-05-S0780	-1
93.399	360	FHCRC	05-102736-03-S1007	6,266
93.399	360	FHCRC	05-102805-04-S01061	7,383
93.399	360	FHCRC	05-103833-04-S1306	29,289
93.399	360	FHCRC	05-103833-04-S1307	13,395
93.399	360	FHCRC	05-201146-01-S1263	53,312
93.399	360	FHCRC	0510264903S1199P587669	14,321
93.399	360	FHCRC	0510383704S1308P594835	104,373
93.399	360	FHCRC	0510674703S1229P588944	16,958
93.399	360	FHCRC	0520070601S1188PO58753	3,626
93.399	360	FHCRC	0520090601S1088P576432	2,763
93.399	360	FHCRC	06-102736-04-S1265	269,007
93.399	360	FHCRC	2003-3833-511683	-3,954
93.399	360	FHCRC	PO# 0000607440	77,546
93.399	360	FHCRC	SA0400147 P.O.510385	-1
93.399	360	FHCRC	SA0500232	1,738
93.399	360	FHCRC	SA0500242	739
93.399	360	FHCRC	SA0500257	7,134
93.399	360	FHCRC	SA0600267	8,720
93.399	360	FHCRC	SA0600355	8,882
93.399	360	FHCRC	SA0600394	2,378
93.399	360	FHCRC	UW BUD# 630001	28,786
93.399	360	FHCRC	UW BUD# 630214	56,793
93.399	360	NSABP FNDN	NWLR-20/66-8451	1,657
93.399	360	NSABP FNDN	NWLR-21 AM06	20,972
93.399	360	SOUTHWEST ONCOLOGY GRO	PCPT 9352	5,597
93.399	360	SOUTHWEST ONCOLOGY GRO	SELECT-04008	-1,656
93.399	360	SOUTHWEST ONCOLOGY GRO	SELECT-05008	54,330

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
93.399	360	UNIV OF CA DAVIS	00RA7102-UW	7,168
93.399	360	UNIV OF CA DAVIS	00RA7102-UW, AM A-05	15,994
93.399	360	UNIV OF CA DAVIS	00RA7102-UW-03 AMA02	6,901
93.399	360	UNIV OF CA DAVIS	K-013506-UW	3,041
93.399	360	UNIVERSITY OF CALIFORN	K-013506-UW	58,226
93.399	360	UNIVERSITY OF CALIFORN	OORA7102-UW-02 AM03	3,812
93.399	360	UNIVERSITY OF ILLINOIS	UW BUD# 661844	56,772
93.558	540	WDC09	Local Contract	3,000
93.570	365	NAT'L COLLEGIATE ATHLETIC-FED FL	NYSPF02282	-2,595
93.570	365	NAT'L COLLEGIATE ATHLETIC-FED FL	NYSPF03282	-2,262
93.570	365	NAT'L COLLEGIATE ATHLETIC-FED FL	NYSPF041187	-2,886
93.570	365	NAT'L COLLEGIATE ATHLETIC-FED FL	NYSPF057795	51,095
93.575	360	CLEMSON UNIV	831-7558-223-2094226	-10,823
93.575	360	CLEMSON UNIV	951-7558-223-2004900	26,239
93.575	365	SCHOOLS OUT WASHINGTON	WSU000155	4,653
93.575	365	SCHOOLS OUT WASHINGTON	WSU000156	5,434
93.575	365	SCHOOLS OUT WASHINGTON	WSU000220	31,274
93.575	365	SCHOOLS OUT WASHINGTON	WSU000233	30,220
93.575	365	SCHOOLS OUT WASHINGTON	WSU00221	23,234
93.590	699	Tukwila Family Place	111-4M05	24,468
93.596	365	SCHOOLS OUT WASHINGTON	WSU000146	-5,328
93.600	365	CHILDREN'S HOME SOC WASHINGTON	WSU000303	3,863
93.600	365	CHILDREN'S HOME SOC WASHINGTON	WSU000304	10,371
93.600	699	Headstart	34402171935440	98,030
93.600	699	Puget Sound Ed Svc Dist	10CH010421	147,680
93.600	699	Puget Sound Ed Svc Dist	1T,22,24,25	158,569
93.658	370	State of Idaho	536691-4,96	336,228
93.658	370	State of Idaho	536771-4,76	1,406,383

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93.824	360	YUKON-KUSKOKWIM HEALTH	UW BUD# 630386	20,426
93.837	360	ALBERT EINSTEIN COLLEG	9-526-5210	38,024
93.837	360	AXIO RESEARCH CORP	UW BUD# 630548	1,260
93.837	360	AXIO RESEARCH CORP	UW BUD# 662678	198,909
93.837	360	BARLOW SCIENTIFIC INC	2 R44 HL 07030356	29,988
93.837	360	BARLOW SCIENTIFIC INC	UW BUD# 668945	29,336
93.837	360	BARLOW SCIENTIFIC INC	UW BUD# 668946	30,000
93.837	360	BAYLOR COLLEGE OF MEDI	19537-UW	5,244
93.837	360	CEDARS-SINAI MED CTR	CSMC PO# 382289	193,144
93.837	360	CEDARS-SINAI MED CTR	PO 392001,MOD 2	47,890
93.837	360	CHILDRENS HOSP & RSCH	12.8044 AM 02	713,778
93.837	360	CHILDRENS HOSP & RSCH	HL 12.8044.C-UOFW, AM2	147,724
93.837	360	CHILDRENS HOSP OF PHIL	20636-02-01	-6,335
93.837	360	CHILDRENS HOSP OF PHIL	20636-03-01	84,962
93.837	360	CHILDRENS HOSP OF PHIL	20636-04-01 MOD. 1	6,921
93.837	360	CLEVELAND CLINIC LERNE	UW BUD# 660458	13,823
93.837	360	CLEVELAND CLINIC LERNE	UW BUD# 668883	1,000
93.837	360	FHCRC	05-200915-01-S1126	-3,587
93.837	360	FHCRC	06-200915-02-S1315	111,164
93.837	360	GROUP HEALTH COOPERATI	40150, MOD #3	19,378
93.837	360	HARBOR UCLA RESEARCH &	PO 101389 MOD 2	20,349
93.837	360	HARBOR UCLA RESEARCH &	PO 101389, MOD 1	1,295
93.837	360	INSILICOS	01; 1 R43 HL083578-01	1,245
93.837	360	JOHNS HOPKINS UNIVERSI	8402-14575-2, MOD 2	20,210
93.837	360	JOHNS HOPKINS UNIVERSITY (JHU)	8607-93920-X	8,225
93.837	360	MEDICAL COLLEGE OF WIS	PO# 754074	70,831
93.837	360	N CA INST RSCH EDUC	2 FRAM 761-03, AM03	639,165
93.837	360	NEW ENGLAND MEDICAL CE	UW BUD# 669804	57,247

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93.837	360	PATHWAY MRI, INC.	UW BUD# 668079	136,333
93.837	360	THE GEORGE INSTITUTE F	UW BUD# 669966	37,535
93.837	360	TUFTS NEW ENGLAND MEDICAL CENTER	MOA R01HL069003-01A1	-2,860
93.837	360	UNIV OF CA SAN DIEGO	PO 10222708-003	22,768
93.837	360	UNIV OF MICHIGAN	F009109, AMEND # 3	22,350
93.837	360	UNIV OF MINNESOTA	Q6636266907	20,468
93.837	360	UNIV OF MINNESOTA	S6636266906	22,255
93.837	360	UNIVERSITY OF COLORADO	FY05.001.012 UWASH YR2	43,996
93.837	360	UNIVERSITY OF COLORADO	FY05.001.012, AMEND #1	206,815
93.837	360	UNIVERSITY OF MICHIGAN	FO11689 AMEND 1	35,461
93.837	360	UNIVERSITY OF MISSISSI	UMMC-02-66141, AM03	148,509
93.837	360	WAKE FOREST UNIVERSITY	54346 AM01	66,445
93.837	360	WAKE FOREST UNIVERSITY	WFUHS 10120	4,969
93.838	360	BAYLOR COLLEGE OF MEDI	UW BUD# 668844	81,159
93.838	360	CHILDREN'S HOSPITAL	UW BUD# 664314	17,045
93.838	360	CHILDREN'S HOSPITAL	UW BUD# 666674	1,401
93.838	360	CHILDREN'S MERCY HOSPI	04-0003	14,845
93.838	360	CHILDRENS HOSP BOSTON	1 R01 HL 072938-01	15,334
93.838	360	CHILDRENS HOSP OF PHIL	00481-05-03	26,943
93.838	360	COLUMBIA UNIV	SUB#7	58,749
93.838	360	FHCRC	0000606012	74,158
93.838	360	UNIV OF PITTSBURGH	106908-2	5,084
93.838	360	UNIV OF PITTSBURGH	106908-3	7,227
93.838	360	WAKE FOREST UNIVERSITY	WFUHS17168 AMD#1	97,113
93.838	360	WAKE FOREST UNIVERSITY	WFUHS17168 AMD#2	9,497
93.838	360	WASHINGTON UNIVERSITY	PO 29161Q / WU-04224	53,208
93.838	360	WASHINGTON UNIVERSITY	PO 29161Q/WU-04-224 A1	271,450
93.838	360	WASHINGTON UNIVERSITY	WU-06-01/ PO# 29951G	100,570

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93.839	360	FHCRC	04-103544-03-S0914	-11,547
93.839	360	FHCRC	05-103544-04-S1175	6,275
93.846	360	JOHNS HOPKINS UNIVERSI	8407-50967-1, AM01	55,733
93.846	360	JOHNS HOPKINS UNIVERSI	8407-50967-1, AMD2	11,190
93.846	360	JOHNS HOPKINS UNIVERSI	8407-50967-X	-10,374
93.846	360	MAYO CLINIC ROCHESTER	PER NOGA, SITE #1	3,600
93.846	360	MAYO CLINIC ROCHESTER	R01 AR049373-03 AMEND1	14,561
93.846	360	MAYO CLINIC ROCHESTER	RO1 AR 49373-04 DATA	141,358
93.846	360	STANFORD UNIVERSITY	13458140-30300-B-AM01	24,546
93.846	360	UNIV OF NORTH CAROLINA	5-34061	244
93.846	360	UNIVERSITY OF UTAH	2105088 /R01-AR46303	-2,568
93.846	360	UNIVERSITY OF UTAH	2105088, AM03	2,364
93.847	360	CHILDRENS HOSP PITTSBURGH	70016-048141-100, AM1	50,558
93.847	360	GEORGE WASHINGTON UNIV	03C21PTA233013CCLS2018	-352
93.847	360	GEORGE WASHINGTON UNIV	04-D16,MOD 1	-722
93.847	360	GEORGE WASHINGTON UNIV	04-E075U01DK06105504	2,414
93.847	360	GEORGE WASHINGTON UNIV	04E08PTA233014CCLS2022	8,817
93.847	360	GEORGE WASHINGTON UNIV	05B07PRI5U01DK06105505	57,761
93.847	360	GEORGE WASHINGTON UNIV	05E07PRI5U01DK06105505	186,796
93.847	360	GEORGE WASHINGTON UNIV	05E08PRI5U01DK06105505	312,955
93.847	360	GEORGE WASHINGTON UNIV	5-U01-DK61055	2,916
93.847	360	GEORGE WASHINGTON UNIV	5C02UNDR5U01DK04848912	678,893
93.847	360	GEORGE WASHINGTON UNIV	5D19PRME5U01DK06123004	356,609
93.847	360	GEORGE WASHINGTON UNIVERSITY	05C02UNDER5U01DK048489	287,409
93.847	360	GEORGE WASHINGTON UNIVERSITY	06-D20	177,777
93.847	360	SEATTLE INST. FOR BIOM	CS121UM	2,373
93.847	360	SIBCR	CS121IM	1,179
93.847	360	UNIV OF COLORADO	FY06.051.004	96,058

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93.848	360	MAYO CLINIC ROCHESTER	5 R01 DK56924-04 A2	68,156
93.848	360	OREGON HLTH SCI UNIV	J748D, AM NO. 3	8,924
93.848	360	SOUTHWESTERN MED CNTR	GMO 900077 MOD5	-2,422
93.848	360	UNIV OF PITTSBURGH	109394-1	5,546
93.848	360	UNIV OF TEXAS	GMO 900069, MOD05	-16
93.848	360	UNIV OF TEXAS	GMO 900069, MOD06	16
93.848	360	UNIVERSITY OF MINNESOT	S6636457102 AMD#02	88,495
93.848	360	UNIVERSITY OF NORTH CA	5-52022	40,744
93.848	360	UNIVERSITY OF NORTH CAROLINA-CH	5-52022	-37,492
93.848	360	UNIVERSITY OF PITTSBURGH	UW BUD# 660300	43,657
93.848	360	WAKE FOREST UNIVERSITY	NONE, AM03	-2
93.848	360	WAKE FOREST UNIVERSITY	NONE, AM05	73,294
93.848	360	WAKE FOREST UNIVERSITY	U01 DK57136 AMEND 8	548,735
93.848	360	WASHINGTON UNIVERSITY	29450G WU-03-108 AM02	18,181
93.849	360	FHCRC	0000601228	57,842
93.849	360	INDIANA UNIVERSITY	UW BUD# 668667	450,928
93.849	360	UNIVERSITY OF UTAH	2302152	37,902
93.849	360	UNIVERSITY OF UTAH	2302152, AMEND #1	19,079
93.849	360	VIRGINIA COMMONWEALTH	520638/PO P650227	70,699
93.849	360	VIRGINIA COMMONWEALTH	522887/PO P525781	-15,006
93.849	360	VIRGINIA COMMONWEALTH	524580/PO P577547	12,240
93.849	360	WASHINGTON UNIVERSITY	29618S/WU-02-85, AM04	464,713
93.853	360	BAYLOR COLLEGE OF MEDI	PO #4600507997	49,495
93.853	360	BAYLOR COLLEGE OF MEDI	PO 4600507997, AM01	11,463
93.853	360	BUCK CTR FOR RSCH IN A	2017, AMENDMENT #1	49,469
93.853	360	COLUMBIA UNIV	SUBGRANT 1, AM02	3,857
93.853	360	GEORGETOWN UNIVERSITY	RX 4265-032-UWASH M1	-204
93.853	360	HEALTH RESEARCH, INC.	2085-01 AM 03	89,757

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93.853	360	JOHNS HOPKINS UNIV	PO#8111-66874-8	68,658
93.853	360	N CA INST RSCH EDUC	1 R01 NS045085 AMEND 4	33,082
93.853	360	OREGON HLTH SCI UNIV	GPHY00063A, AM04	9,863
93.853	360	PUGET SOUND ACTION TEA	PO 1000534513	25,051
93.853	360	RESEARCH FOUNDATION OF	41507-00 05 A	14,524
93.853	360	RESEARCH FOUNDATION OF CUNY	UW BUD# 661753	1,156
93.853	360	UNIV CA DAVIS	00RA5135	-438
93.853	360	UNIV OF CINCINNATI	P021-040-N151-1105 M2	3,202
93.853	360	UNIV OF CINCINNATI	P808,A03	36,152
93.853	360	UNIV OF CINCINNATI	UW BUD# 667578	96
93.853	360	UNIV OF FLORIDA	UF04007	2,001
93.853	360	UNIV OF FLORIDA	UF05095	530
93.853	360	UNIV OF KENTUCKY	4-63683-02-020 AM03	25,185
93.853	360	UNIV OF KENTUCKY	UKRF 4-63683-00324 AM4	535
93.853	360	UNIV OF MED & DENTISTRY OF NEW JERSEY	AMND #6, INDEX #103701	92,461
93.853	360	UNIV OF TEXAS	117006/115709 AM03	36,572
93.853	360	UNIVERSITY OF ARKANSAS	ARIA 07958	29,232
93.853	360	UNIVERSITY OF CALIFORN	PO 10230945-002	17,127
93.853	360	UNIVERSITY OF IOWA	4000534513 AMEND. 7	244,977
93.853	360	UNIVERSITY OF IOWA	PO #4000517671 AM06	61,361
93.853	360	UNIVERSITY OF IOWA	PO 40000507969	5,788
93.853	360	VANDERBILT UNIVERSITY	9235-R	126,267
93.853	360	VANDERBILT UNIVERSITY	9235-R, MOD #2	-8,604
93.853	360	WASHINGTON UNIVERSITY	UW-04-117, PO 29004P	2,317
93.853	360	WASHINGTON UNIVERSITY	WU-04-275	9,145
93.853	360	WASHINGTON UNIVERSITY	WU-06-12, PO 29150H	26,945
93.853	360	WASHINGTON UNIVERSITY	WU-06-42	56,384
93.853	365	ALBERT EINSTEIN COLL MED-FED FLO	95265672	25,752

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93.853	365	OR HEALTH SCIENCES UNIV - FED FL	8410671	4
93.855	360	BECKMAN RSRCH INST OF	203, AMEND# 1	236,550
93.855	360	CHILDREN'S HOSPITAL	HR7659.149405UWON M1	37,951
93.855	360	FHCRC	0000600206	16,708
93.855	360	FHCRC	0000600209	30,021
93.855	360	FHCRC	0000602729	26,868
93.855	360	FHCRC	05-201353-01-S1193	5,282
93.855	360	UNIVERSITY OF ALABAMA	219866	386
93.856	360	BECKMAN RSRCH INST OF	203	7,312
93.856	360	CHILDREN'S RESEARCH IN	UW BUD# 668214	-2,082
93.856	360	COLORADO STATE UNIVERS	G-4727-2	130,640
93.856	360	COLORADO STATE UNIVERS	G-4727-2 AM01	130,770
93.856	360	DUKE UNIV	DS607 AM04	107,684
93.856	360	DUKE UNIVERSITY	DS589 AMD # 6	102,679
93.856	360	FHCRC	0000603580	154,488
93.856	360	FHCRC	0000605365	12,583
93.856	360	FHCRC	0000610121	43,931
93.856	360	FHCRC	0000610124	40,442
93.856	360	FHCRC	0000610126	30,248
93.856	360	FHCRC	0000610132	33,694
93.856	360	FHCRC	0000610139	35,760
93.856	360	FHCRC	0000610175	65,549
93.856	360	FHCRC	04-103864-02-S0975	-13
93.856	360	FHCRC	04-104-823-02S0916 AM1	-2,122
93.856	360	FHCRC	04-104559-04-S0452	-966
93.856	360	FHCRC	04-104820-02-S0915	-2,074
93.856	360	FHCRC	04-104821-02-S100	-119
93.856	360	FHCRC	04-104826-02-S0918 AM1	-24

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93.856	360	FHCRC	04-104827-02-S0917 AM1	-6,092
93.856	360	FHCRC	04-104848-02-S0958	-17,718
93.856	360	FHCRC	04-104901-05-S0773, A2	101,020
93.856	360	FHCRC	04-104903-05-S0869	56,489
93.856	360	FHCRC	04-106153-05-S0967	421,693
93.856	360	FHCRC	04-108164-05-S0974 AM1	8,176
93.856	360	FHCRC	0410490305S0830P055702	121,039
93.856	360	FHCRC	0410490705S0774P552738	2,142,039
93.856	360	FHCRC	05-103223-05-S1183 AM1	64,849
93.856	360	FHCRC	05-104559-05-S0981	124,143
93.856	360	FHCRC	05-104559-05-S1162 A1	43,368
93.856	360	FHCRC	05-104821-03-S1202	99,386
93.856	360	FHCRC	05-104826-03-S1207	56,996
93.856	360	FHCRC	05-104827-03-S1209	202,476
93.856	360	FHCRC	05-200198-02-S0997	280
93.856	360	FHCRC	05-200675-01-S0995	10,022
93.856	360	FHCRC	051042304S1164P0583312	50,589
93.856	360	FHCRC	0510482303S1204P587665	281,508
93.856	360	FHCRC	0510482503S1205P587677	124,059
93.856	360	FHCRC	0510484803S1181P586400	153,020
93.856	360	FHCRC	0510816405S1366P596562	473,167
93.856	360	FHCRC	0510828104S1245PO58297	100,846
93.856	360	FHCRC	06-200675-02-S1349	102,254
93.856	360	FHCRC	06-20111701S1388P59663	27,797
93.856	360	FHCRC	0620153201S1363P596426	23,610
93.856	360	FHCRC	2003-4907-497723	-1,062
93.856	360	FHCRC	UW BUD# 630172	42,748
93.856	360	FHCRC	V01A146702-05	-8,699

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93.856	360	HARVARD SCHOOL OF PUBLIC HEALTH	113911.0007,AMEND 01	14,912
93.856	360	JOHNS HOPKINS UNIV	8007-31363-1, MOD04	153
93.856	360	JOHNS HOPKINS UNIV	P0 8005-26978-5 MOD04	-4,334
93.856	360	MAGEE-WOMENS HOSP	26-3301-4428	234,166
93.856	360	MAGEE-WOMENS HOSP	26-3301-6402, MOD#5*	16,115
93.856	360	MAGEE-WOMENS HOSP	26-3301-6403,MOD07	32,651
93.856	360	MAGEE-WOMENS HOSP	26-3301-6411, MOD02	-3,451
93.856	360	MOUNT SINAI SCH OF MED	0254-6831-4609	10,020
93.856	360	MOUNT SINAI SCHOOL OF MEDICINE	UW BUD# 630601	306
93.856	360	MOUNT SINAI SCHOOL OF MEDICINE	UW BUD# 660021	601,381
93.856	360	MOUNT SINAI SCHOOL OF MEDICINE	UW BUD# 660174	297,224
93.856	360	SEATTLE BIOMEDICAL RSC	UW-1450	17,813
93.856	360	SEATTLE BIOMEDICAL RSC	UW-1555	5,200
93.856	360	SEATTLE BIOMEDICAL RSC	UW1503-01 MOD. #5	73,312
93.856	360	SOCIAL & SCIENTIFIC SY	204VC001 MOD04	321,913
93.856	360	SOCIAL SCIENTIFIC SYST	PACTG.25.202CL.04	-2,815
93.856	360	U OF TEXAS SW MEDICAL	GMO-400421, MOD 2	126,624
93.856	360	UCLA CENTER FOR PREVEN	1556 G FD985	8,876
93.856	360	UNIV OF CA SAN FRANCIS	3573SC, AMEND#3	2,841
93.856	360	UNIV OF CINCINNATI	SRS#19372, SAP#1001744	47,726
93.856	360	UNIV OF DUKE	DS 589, AM05	-7,235
93.856	360	UNIV OF PITTSBURGH	110561-3	20,925
93.856	360	UNIV OF TEXAS	121851-121076	16,093
93.856	360	UNIVERSITY OF COLORADO	06284002AW1U19AI066328	98,159
93.856	360	UNIVERSITY OF MIAMI	668292 PO M746822	75
93.856	360	UNIVERSITY OF MIAMI	PO #M746822	38,188
93.856	360	UNIVERSITY OF OREGON S	P0129A-01, AM04	86,567
93.856	360	VICAL INCORPORATED	UW BUD# 660045	174,953

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93.856	360	WASHINGTON UNIVERSITY	#WU-04-40	78,321
93.856	360	WASHINGTON UNIVERSITY	WU-05-03 PO#29664Q	4,309
93.856	360	WASHINGTON UNIVERSITY	WU-06-287*	2,171
93.856	365	TEXAS A & M RESEARCH FOUND-FED F	S050053	220,482
93.856	365	UNIV OF FLORIDA - FED FLOW	UFO3039	81,352
93.856	365	WASHINGTON UNIV - FED FLOW THRU	WU036	23,190
93.859	360	COLORADO UNIV	FY04,001.006	-1,056
93.859	360	COLORADO UNIV	FY04,01-006 AMEND. #2	47,787
93.859	360	COLORADO UNIV	FY05,001.014 AM01 YR03	12,099
93.859	360	HARVARD COLLEGE	113936	21,892
93.859	360	MASSACHUSETTS GENERAL	5 U54 GM62119-04	345,478
93.859	360	MASSACHUSETTS GENERAL	U54 GM 62119 MOD04	92,459
93.859	360	MASSACHUSETTS GENERAL	U54 GM62119 MOD3	82,964
93.859	360	NORTH CAROLINA STATE U	1990-0815-05	34,715
93.859	360	REGULOME CORPORATION	R-2004-001	6,921
93.859	360	SUNY STONY BROOK	10110063-3-31912 AM#1	-18
93.859	360	THE RESEARCH FOUNDATIO	1038499-3-31912	119,072
93.859	360	UC, SANTA CRUZ	S0175928	88,267
93.859	360	UC, SANTA CRUZ	S0175928 AM01	17,658
93.859	360	VANDERBILT UNIV	15360-S2 AM04	33,132
93.859	365	INSTITUTE FOR SYSTEMS BIOLOGY FF	20030013	4,051
93.859	365	IOWA STATE UNIV--FED FLOWTHR	4302119	110,429
93.859	380	The Research Foundation	1019383/1/22583	7,175
93.865	300	UNC Neglect & Adolescents	5 R01 HD39689-04	33,200
93.865	360	ALBERT EINSTEIN HEALTH	UW BUD# 671137	101,313
93.865	360	CEDARS-SINAI MED CTR	5 P01 HD 022657-20	91,062
93.865	360	CEDARS-SINAI MED CTR	CSMC PO# 316512	-611
93.865	360	CEDARS-SINAI MED CTR	PO#364692	92,468

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93.865	360	CHILDRENS HOSP SEATTLE	HR.7659.107402UW	-4,679
93.865	360	CHILDRENS HOSPITAL LOS	AG #36 RGF000038	28,203
93.865	360	CHILDRENS HOSPITAL LOS	PO#22350 AM01	-18
93.865	360	COLUMBIA UNIVERSITY	6	15,794
93.865	360	COLUMBIA UNIVERSITY	7 RO1HD04172403YR1SUB4	2,303
93.865	360	COLUMBIA UNIVERSITY	UW BUD# 661033	24,974
93.865	360	FHCRC	0520052502S1190P587899	100,386
93.865	360	FHCRC	606172A AMD 01	42,967
93.865	360	GROUP HEALTH COOPERATI	40143	15,011
93.865	360	REHABILITATION INSTITU	03.81804	10,382
93.865	360	SEATTLE BIOMEDICAL RSC	UW-1061	154,321
93.865	360	SWEDISH MEDICAL CENTER	PN-WILM-FNIH9621.06 M3	699
93.865	360	SWEDISH MEDICAL CENTER	PN-WILM-FNIH9621.06 M4	39,426
93.865	360	SWEDISH MEDICAL CENTER	PN-WILMFNIH9621.06 MO5	39,882
93.865	360	THE TRUSTEES OF COLUMB	5	25,521
93.865	360	UNIV OF CONNECTICUT	P.S 3748	166,923
93.865	360	UNIV OF CONNECTICUT	UW BUD# 630559	1,478
93.865	360	UNIV OF ILLINOIS URBAN	2005-5638-01 AM01	14,211
93.865	360	UNIV OF KANSAS	FY2001-079, MOD05	-61
93.865	360	YALE UNIV	A04738	-1,797
93.865	365	ADVANCED DIGITAL IMAGING RES LLC	WSU000164	65,866
93.865	365	BAYLOR COLLEGE OF MEDICINE - FED	4600415659	186,170
93.865	365	NORTHWESTERN UNIVERSITY FED FLOW	0600370A5741229	48,497
93.865	365	UNIVERSITY OF MICHIGAN	F014757	18,681
93.866	360	CALIFORNIA PACIFIC MED	2803204-S021	29,059
93.866	360	CALIFORNIA PACIFIC MED	2803240-SO21, AMEND 1	224,452
93.866	360	DUKE UNIV	139170, AMENDMENT #4	10,517
93.866	360	DUKE UNIV	SPS#132271, DS794 AM03	45,278

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93.866	360	DUKE UNIVERSITY	05-SC-NIH-1047	191,900
93.866	360	FHCRC	06-201653-01-S1377	36,716
93.866	360	GROUP HEALTH COOPERATI	40151	463,334
93.866	360	GROUP HEALTH COOPERATI	40152	17,911
93.866	360	GROUP HEALTH COOPERATI	50051UW	-2,906
93.866	360	GROUP HEALTH COOPERATIVE	5U01 AG06781	38,372
93.866	360	MAYO CLINIC ROCHESTER	R01 AG 23195-02	6,809
93.866	360	MAYO CLINIC ROCHESTER	R01 AG 23195-03 U WASH	30,960
93.866	360	NEW ENGLAND MED CTR HOSP	UW BUD# 661128	23,808
93.866	360	NEW ENGLAND RESEARCH I	R01 AG023027, MOD. #2	21,614
93.866	360	OREGON HEALTH & SCIENC	GNEURO306A(I)	30,718
93.866	360	OREGON HEALTH SCIENCES	GNEURO283A4 A	13,100
93.866	360	PENN ST UNIV	DHHSTPSUUW080551264AM9	26,717
93.866	360	PENNSYLVANIA STATE UNI	3065-UW-DHHS-4102	11,868
93.866	360	SEATTLE INST FOR BIOME	CSI-19	2,541
93.866	360	SEATTLE INST FOR BIOME	CSI-20	2,541
93.866	360	SEATTLE INST. FOR BIOM	CSA-19 MOD01	58,257
93.866	360	SIBCR	QL 1-14	7,690
93.866	360	TRANSLATIONAL GENOMICS	STEPHAN 03 05,	27,808
93.866	360	TRANSLATIONAL GENOMICS	STEPHAN 03 05, MOD02	7,303
93.866	360	UCLA	1595-G-FC699	25,438
93.866	360	UNIV OF CA SAN DIEGO	08-00-01	2,997
93.866	360	UNIV OF CA SAN DIEGO	PO 10229917-003	30,724
93.866	360	UNIV OF CALIFORNIA, SA	10229917-003	163,419
93.866	360	UNIV OF MICHIGAN	F009587 AM02	10,325
93.866	360	UNIV OF PENNSYLVANIA	5-44030	230,651
93.866	360	UNIV OF PENNSYLVANIA	545901	3,966
93.866	360	UNIV OF PITTSBURGH	101002-4 AM04	-226

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93.866	360	UNIV OF PITTSBURGH	109452-1	102,859
93.866	360	UNIVERSITY OF CALIFORN	2003-1338	18,890
93.866	360	UNIVERSITY OF CALIFORN	PO 10229917-002	6,817
93.866	360	UNIVERSITY OF COLORADO	FY06.001.006 AMDEND 2	109,543
93.866	360	UNIVERSITY OF MICHIGAN	F009684 AM01	-5,115
93.866	360	UNIVERSITY OF MICHIGAN	F09684 AM03	342,383
93.866	360	UNIVERSITY OF MICHIGAN	PO #30000416065	4,786
93.866	365	UNIV OF KANSAS - FED FLOWTHR	FY2002087M2	-133
93.866	365	UNIV OF KANSAS - FED FLOWTHR	FY2002087M3	23,316
93.867	360	EMORY UNIV	5 RO1 EY006069-19	-426
93.867	360	EMORY UNIV	5 RO1 EY006069-20	15,163
93.867	360	EMORY UNIV	UW BUD# 666430	-851
93.867	360	JEAB CENTER FOR HLTH RSCH	9-29-03,	10,788
93.867	360	UNIVERSITY OF FLORIDA	UF03077	-6,433
93.867	365	OR HEALTH SCIENCES UNIV - FED FL	J709	35,856
93.884	360	UNIVERSITY OF HAWAII	Z705343	2,324
93.931	360	FHCRC	0000612893	3,163
93.931	360	FHCRC	05-201390-01-S1249	59,090
93.933	360	ALASKA NATIVE TRIBAL H	ANTHC-02-U-4060, MOD03	1,445
93.944	360	SEATTLE KING COUNTY PU	D35338D	14,079
93.944	360	SEATTLE-KING COUNTY DE	D35226D	5,002
93.945	360	CHILDREN'S HOSPITAL &	41334.009.01.01.UW01	16,206
93.945	360	CHILDRENS HOSP & REGIONAL MED CNTR	41334.009.01.01-UW02	22,687
93.945	360	PUBLIC HEALTH-SEATTLE	D35649D;AMD1	1,523
93.945	360	SEATTLE KING COUNTY DE	D34308D	3,555
93.945	360	WAKE FOREST UNIVERSITY	WFUHS 11246	238,640
93.959	360	SEATTLE-KING CO DEPT O	D35082D	3,724
93.959	365	WHATCOM COUNTY - FED FLOWTHR	200510008	16,468

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94.005	360	JUMPSTART FOR YOUNG CHILDREN	ENTER BB PROJ #990101	68,769
94.006	360	JUMPSTART FOR YOUNG CHILDREN	ENTER BB PROJ #480100	32,267
94.006	360	JUMPSTART FOR YOUNG CHILDREN	UW BUD# 671223	43,046
94.007	699	Am Assoc of Community Colleges	111-4693	5,894
97.000	360	BATTELLE PACIFIC NW LA	22177	52,750
97.000	360	BATTELLE PACIFIC NW LABS	22177	66,932
97.000	360	CITY OF SEATTLE - POLICE DEPT	UW BUD# 668919	11,250
97.000	360	CITY OF SEATTLE - POLICE DEPT	UW BUD# 668920	-472
97.000	360	ENERTECHNIX	NBCHC050041	101,947
97.000	360	UNIVERSITY OF MICHIGAN	NBCHC040146 AM 02	57,710
97.000	365	HAMILTON SUNDSTRAND COMPANY	GUAR24520725	42,940
97.000	365	ION METRICS INC	HSHQDC05C0004UF	124,591
97.036	376	FEMA-DHS-DIS	1361	18,006
98.001	365	COMPUTER FRONTIERS INCORPORATED	WSU000237	216,992
98.001	699	USAID Namibia	97-005900	53,293
98.002	365	CLEMSON UNIV - FED FLOW THRU	99475582152095170	11,888
98.002	365	OREGON STATE UNIVERSITY - FED	J0966AH	82,255
98.002	365	SRA INTERNATIONAL INC.	9040023	130,390
98.002	365	VIRGINIA TECH	19276425678	4,237
98.012	365	INT'L INSTITUTE OF TROPICAL AG	WSU000185	29,144
99.000	360	ALASKA STAFF DEVELOPME	UW BUD# 670286	-548
99.000	360	ALASKA STAFF DEVELOPME	UW BUD# 670896	-62,997
99.000	360	ASSOCIATION LIAISON OF	UW BUD# 666312	1,721
99.000	360	AURA, INC./NOAO	P.O. P15360A	23,899
99.000	360	GCA UNIDENTIFIED	UW BUD# 999995	-7,864
99.000	360	JUMPSTART FOR YOUNG CHILDREN	UW BUD# 669399	-16,111
99.000	360	LSSTC, INC.	C44009L	218,983
99.000	360	MONTANA STATE UNIV	G275-05-W0094	4,871

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99.000	360	NORTH DAKOTA ST UNIV	UW BUD# 660365	45,397
99.000	360	OAK RIDGE ASSOC UNIV	UW BUD# 800527	2,843
99.000	360	ORISE	UW BUD# 800667	2,705
99.000	360	PLANETARY SCIENCE INST	NRO-508	16
99.000	360	PUGET SOUND REGIONAL C	2003-05, AM02	49,117
99.000	360	PUGET SOUND REGIONAL C	2003-05, AM03	67,977
99.000	360	PUGET SOUND REGIONAL COUNCIL	2003-05, AM03	48,393
99.000	360	SCIENCE APPLICATIONS I	4400069070	3,858
99.000	360	UNIV OF PITTSBURGH	400054-1	66,640
99.000	360	UNIVERSITY OF CALIFORN	3936SC	33,968
99.000	461	National Fish & Wildlife Foundation/BPA	C005025	87,751
99.000	461	National Fish & Wildlife Foundation/BPA	C006035	174,351
99.999	370	Kalispel Tribe	None	24,223
99.999	370	National Institute for Direct Instruction	None	1,475
			Total Pass-Through Funds	**110,022,249**

State of Washington
Schedule of Expenditures of Federal Awards
Note G:
Supplemental Information: Annual Loan Activity and Outstanding Loan Balances

For the Year Ended
June 30, 2006
(Expressed in whole dollars)

Federal Catalog No.	Federal Program Title	Fiscal Year Activity	June 30, 2006 Outstanding Loan Balances
University of Washington (Agency 360)			
84.038	Federal Perkins Loan Program	13,941,328	49,487,571 s
84.268	Federal Direct Student Loans (Direct Loan)	145,476,248 s	
93.264	Nurse Faculty Loan Program (NFLP)	73,524	189,693 s
93.342	Health Profesnl Student Loans (HPSL / PCL / LDS)	1,481,452	7,872,262 s
93.364	Nursing Student Loans	366,729	1,420,754 s
	University of Washington Total	**161,339,281**	**58,970,280**
Washington State University (Agency 365)			
84.032	Federal Family Education Loans	105,349,773 s	
84.038	Federal Perkins Loan Program	4,676,523	18,920,027 s
93.342	Health Profesnl Student Loans (HPSL / PCL / LDS)	586,309	1,972,349 s
93.364	Nursing Student Loans	321,372	1,051,473 s
	Washington State University Total	**110,933,977**	**21,943,849**
Eastern Washington University (Agency 370)			
84.032	Federal Family Education Loans	43,270,758 s	
84.038	Federal Perkins Loan Program	1,559,578	5,927,324 s
	Eastern Washington University Total	**44,830,336**	**5,927,324**
Central Washington University (Agency 375)			
84.038	Federal Perkins Loan Program	1,382,448	7,106,529 s
84.268	Federal Direct Student Loans (Direct Loan)	42,521,958 s	
	Central Washington University Total	**43,904,406**	**7,106,529**
The Evergreen State College (Agency 376)			
84.032	Federal Family Education Loans	17,730,024 s	
84.038	Federal Perkins Loan Program	727,970	3,759,386 s
	The Evergreen State College Total	**18,457,994**	**3,759,386**

State of Washington
Schedule of Expenditures of Federal Awards
Note G:
Supplemental Information: Annual Loan Activity and Outstanding Loan Balances

For the Year Ended
June 30, 2006
(Expressed in whole dollars)

Federal Catalog No.	Federal Program Title	Fiscal Year Activity	June 30, 2006 Outstanding Loan Balances
Western Washington University (Agency 380)			
84.032	Federal Family Education Loans	14,794,944 s	
84.038	Federal Perkins Loan Program	1,641,775	7,918,578 s
84.268	Federal Direct Student Loans (Direct Loan)	32,118,306 s	
	Western Washington University Total	**48,555,025**	**7,918,578**
Community College Systems (Agency 699)			
84.032	Federal Family Education Loans	68,598,759 s	
84.038	Federal Perkins Loan Program	120,955	2,203,650 s
84.268	Federal Direct Student Loans (Direct Loan)	23,835,873 s	
93.364	Nursing Student Loans		5,158 s
	Community College Systems Total	**92,555,587**	**2,208,808**
	Total Loan Activity / Balances	**520,576,606**	**107,834,754**

Footnote:
s - Amount included on schedule of expenditures of federal awards

State of Washington
Corrective Action Plan

OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2006

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

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06-04	Department of Social and Health Services	H – 7	F – 28
06-05	Department of Social and Health Services	H – 9	F – 31
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State of Washington
Corrective Action Plan

OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2006

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	01	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration, does not ensure providers of home health care services are Medicare-certified as required by the Medicaid State Plan.
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $5,117,085 93.777, 93.778
		Status:	Corrective action in progress
		Corrective Action:	The Department does not agree with the auditor that home health agencies performing in-home care must be Medicare certified. The Department followed up on the previous audit by submitting State Plan Amendment (SPA) 06-008, which was approved on April 1, 2006. This amendment exempts home health agencies providing private duty nursing from the Medicare certification requirement. To further clarify language that home health agencies providing personal care do not require Medicare certification, SPA TN 06-012 was submitted to the Centers for Medicare and Medicaid Services (CMS) June 28, 2006. CMS has requested additional information which the Department has provided. CMS is considering the Department's response. The Department will work with Health and Human Services if any unallowable costs are identified. **The condition noted in this finding was previously reported in finding 05-19.**
		Completion Date:	Estimated June 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	02	Finding:	The Department of Social and Health Services is not complying with federal regulations that require people receiving Medicaid benefits to have valid Social Security numbers.
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $903,821 93.777, 93.778
		Status:	Corrective action in progress
		Corrective Action:	The Department has implemented the following processes to ensure Medicaid clients have valid Social Security numbers (SSN): • The Department uses the Social Security Administration's State On-line Query (SOLQ) to check the validity of SSN. Required SOLQ training was conducted in December 2006. • A programming change has been requested for the Automated Client Eligibility System to have hard edits that will require workers to take action at the time of medical recertification for individuals who have a SSN application pending more than 60 days. • Community Service Office supervisors have added medical cases to their monthly case audits that focus on SSN mismatched alerts and checking for consistent use of SOLQ for SSN. (December 2006) • By April 30, 2007, Community Service Division Headquarters will initiate quarterly random audits, on medical cases and checking for consistent use of SOLQ at application and reviews. **The condition noted in this finding was previously reported in finding 05-20.**
		Completion Date:	Estimated April 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	03	Finding: The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to prevent Medicaid payments for services provided after a client's death or to prevent payments for services provided to individuals using the Social Security number of a deceased person. Questioned Costs: CFDA # — Amount 93.775, 93.776, 93.777, 93.778 — $681,508 Status: Corrective action in progress Corrective Action: The Department has implemented the following processes to ensure Medicaid clients have valid Social Security numbers (SSN): • The Department uses the Social Security Administration's State On-line Query (SOLQ) to check the validity of SSN. Required SOLQ training was conducted in December 2006. The training emphasized the importance of checking SOLQ for each Medical applicant and of going back to check that the results were federally verified. • A work request was made in January 2007, to move the Automated Client Eligibility System alerts into the Department's Document Management System (DMS). The change will integrate alerts into DMS to assist workers to monitor and track system generated alerts in the same way they do all other assignments. • In March 2007 a reminder was sent to Community Service Division staffs to follow appropriate policies and procedures in assisting the client to apply for a SSN. • Also in March 2007, Community Service Division staffs received, a memo reminding them to make appropriate referrals to the Department's Division of Fraud Investigations of any instances of apparent identity theft or provider fraud.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	03 (Cont'd)	Corrective Action:	• The Community Service Division will review, by April 2007, the death notification process with the Department's Health and Recovery Services Administration to ensure there is no delay in providing this information to the field. **The condition noted in this finding was previously reported in finding 05-15**
		Completion Date:	Estimated April 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	04	Finding: The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate controls to ensure compliance with Medicaid requirements to identify third parties responsible for payments for pharmaceutical services. Questioned Costs: CFDA # — Amount 93.775, 93.776 — $70,980 93.777, 93.778 Status: No action taken Corrective Action: The Department has adequate internal controls, including pre-payment and post-payment compensating controls, sufficient to provide internal control and reasonable assurance that third party resources will be identified and overpayments recovered. Pursuant to 42 CFR 433 sections 138 and 139, the Department has taken "reasonable measures to determine the legal liability of third parties…." Specifically, the Department: • Requires clients to report third-party coverage when applying for medical assistance; • Conducts health insurance data cross-matches e.g. Employment Security, Department of Labor and Industries and Department of Personnel, to determine if any other coverage benefits exist; and • Denies pharmacy claims if third-party coverage exists. Additionally, Department staff assists pharmacists, by making billing information available through toll-free lines, Health and Recovery Services Administration's (HRSA) provider website, clients' medical identification cards, and explanations of benefits on weekly remittance advices sent to providers.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	04 (Cont'd)	Corrective Action:	When claims are submitted, the Department's Medical Management Information System (MMIS) client eligibility file reports any client having insurance coverage, and denies the claim. The onus is then placed on the pharmacy provider to verify the availability of third-party benefits and then bill the third party and Medicaid appropriately. When the pharmacy providers bill Medicaid they may need to use override codes to ensure they receive timely reimbursement for services provided. If the pharmacy provider uses an override code and later determines that third party insurance was available, the pharmacy provider is required to verify and pursue clients' third party benefits and refund to HRSA any Medicaid payments also paid by a liable third party. The Department actively conducts post-payment audits of pharmacy override code usage. Thirty pharmacy third party liability audits were performed in 2005; twenty-one in 2006. These audits were identified and prioritized by risk exposure i.e. dollars by override code. Overpayments identified for these 51 audits total $3,314,056.16.
		Completion Date:	N/A

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	05	Finding: The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to support decisions on the eligibility of clients enrolled in Medicaid's Basic Health Plus program. Questioned Costs: CFDA # 93.775, 93.776 93.777, 93.778 — Amount $53,126 Status: Corrective action complete Corrective Action: To provide adequate internal controls the Department's Medical Eligibility Determination Services (MEDS) unit began auditing 15 cases per unit (four units) weekly. The audits focus on income budgeting and documentation. This was implemented in February 2007. o The audit plan includes an audit of new policies implemented by headquarters that effect MEDS operations, to ensure consistent compliance. o Target trends are identified in audits. Trainings focuses on those trends. o It is mandated in the audit plan that staff check available interfaces for unreported income, for those clients 16 years of age or older. o Audits, including documentation and remarks, are available in the Department's Automated Client Eligibility System to clearly identify calculations and actions taken. o Self employment training was conducted by Eligibility Policy and Community Education staff during February 2007. Training on income budgeting was provided in March 2007. This training included reviewing Department policies and procedures. All training was mandatory for staff.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	05 (Cont'd)	Corrective Action:	The Centers for Medicare and Medicaid Services has ruled that no costs may be recouped for eligibility errors unless the recoupment is the result of a Medicaid Eligibility Quality Control audit. Therefore, no costs will be repaid. **The condition noted in this finding was previously reported in finding 05-10.**
		Completion Date:	March 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	06	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate controls to ensure claims for wheelchairs and wheelchair accessories are properly authorized as required by law.
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $45,795 93.777, 93.778
		Status:	Corrective action complete
		Corrective Action:	The Department recognizes that expedited prior authorization for wheelchair claims exceeding two months in a 12 month period is a control weakness. The expedited prior authorization process was corrected through a programming change request implemented on July 6, 2006, that prevents payment beyond authorized time periods without authorization. The Department discovered incorrect coding had been entered in the Medicaid Management Information System for managed care clients in the disease management program. This error was corrected as of July 1, 2006. The Department accepts Medicare authorization for payment of these wheelchair related claims. A second authorization on these claims is not necessary. The Department is implementing a Washington Administrative Code (WAC) governing authorization of wheelchair payments that clearly states that for Medicare clients, no further authorization beyond Medicare is necessary. The implementation date of the new WAC was March 2007. **The condition noted in this finding was previously reported in finding 05-23.**
		Completion Date:	March 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	07	Finding: The Department of Social and Health Services, Health and Recovery Services Administration, is not complying with federal requirements to defer Medicaid expenditures related to undocumented aliens as instructed by the Centers for Medicare and Medicaid Services. Questioned Costs: CFDA # — Amount 93.775, 93.776 — $0 93.777, 93.778 Status: Corrective action in progress Corrective Action: For the Non-pregnant group The Department's Health and Recovery Services Administration (HRSA) has coordinated with the Office of Accounting Services (OAS), to both set up unique account coding for Alien Emergency Medical (AEM) charges, and change the frequency of an adjustment that moves these charges to state funds. OAS draws Title XIX revenue once a week and will use the unique cost allocation coding that has been established to avoid drawing any federal revenue for AEM expenditures during the time period between when the expenditures are incurred and the adjustment takes place. This ensures that Medicaid funds are used for allowable expenditures only. For the Non-pregnant group - HRSA currently complies with the federal directive regarding drawing federal funds for pregnant alien women. Beginning with State Fiscal Year 2007, only labor and delivery claims are being charged to Title XIX. These claims are being identified by their DRG (Diagnostic Related Group) for inpatient hospital claims or by diagnosis code for physician and other ancillary claims. All non-labor and delivery claims for pregnant alien women except pregnancy related claims are charged to State only funds. Identified prenatal claims are paid with Title XXI (SCHIP) funds only if they are related to labor and delivery claims for the births. This procedure was specifically approved by the Centers for Medicare and Medicaid Services in writing. A copy of the approval was provided to the auditor.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	07 (Cont'd)	Corrective Action:	HRSA intends to comply with the federal Office of Inspector General's (OIG) audit report once it is completed to provide us with guidance to differentiate emergent vs. non-emergent services. We anticipate that the OIG audit will be completed by October 2007. **The condition noted in this finding was previously reported in finding 05-09.**
		Completion Date:	October 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	08	Finding:	The Department of Social and Health Services paid providers with Medicaid funds through the Social Services Payment System for services to clients using Social Security numbers belonging to deceased persons.
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $22,344 93.777, 93.778
		Status:	Corrective action in progress
		Corrective Action:	The Department's current verification procedures require staff to verify Social Security numbers (SSN) for all Medicaid clients, first through a cross-match with the Social Security Administration's (SSA) Numident file and through the use of the State On-line Query (SOLQ) when there is a discrepancy. The Department's Eligibility A-Z manual states: "A client-provided social security number must be verified by the worker through an interface with SSA at the time the number is entered into the [Automated Client Eligibility System] ACES." If additional verification is required, the manual further instructs the worker to "enter the client provided SSN on the ACES Dem1 Screen. Verify the SSN accessing State On-line Query (SOLQ) before exiting the screen." As demonstrated in this year's audit, the SSNs were verified and accurate in ACES for the vast majority of exceptions noted in the Social Services Payment System (SSPS) testing. Often the SSN in SSPS is that of a deceased spouse or parent. However, the Department does verify the client's SSN in ACES prior to authorizing benefits. The limitations we face with the SSPS system should be corrected with the new Provider One system. The Aging and Disability Services Administration has also issued two Management Bulletins (MB) regarding verification of SSNs in ACES. Another MB will be issued by May 2007, with this reminder as well as direction to ensure the SSN entered into SSPS is that of the client as opposed to a claim number. **The condition noted in this finding was previously reported in finding 05-28.**
		Completion Date:	Estimated May 2007

Department of Health (DOH) and Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	09	Finding:	The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, are not ensuring compliance with federal law regarding hospital surveys.
			Department of Health
		Questioned Costs:	CFDA # / Amount 93.775 / Not specified 93.776 93.777 93.778
		Status:	Corrective action in progress
		Corrective Action:	We previously concurred with the finding to the extent that hospital survey documents should positively assert that all Conditions of Participation have been met through the certification survey process. The current interagency agreement between the Department of Health Facilities and Services Licensing and the Department of Social and Health Services Medical Assistance Administrative has been amended to ensure that hospital surveys positively assert that all conditions of participation have been reviewed. The agreement also had been amended to state that hospital surveys will be conducted according to the current administrative instructions issued by Centers for Medicare and Medicaid Services State Operations Manual. The State Auditor's finding asserts the current survey process violates 42 CFR 431.610 (f), (1), (3) and (4). This section of the CFR details the requirements for the relationship between the state Medicaid agency and the survey agency but is not descriptive of the survey process. The Auditor's finding makes no reference to 42 CFR 488 Survey, Certification, and Enforcement Procedures.

Department of Health (DOH) and Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	09 (Cont'd)	Corrective Action:	42 CFR 488 clearly references §1902 Requirements for participation in the Medicaid program as a statutory basis, and 42 CFR 488.18 provides the regulatory framework for the CMS survey process. 42 CFR 488.26 (d) specifically states that the state survey agency must use the survey methods procedures and forms that are prescribed by CMS. We agree that the hospital surveys should clearly state that all Conditions of Participation have been reviewed, but we do not agree that we need to exceed the current standard of exception reporting or documentation as that would be contrary to how we are directed by Federal Regulations and the CMS State Operations Manual to document surveys. During December 2006 the Department of Health received communication from the federal cognizant agency that current DOH survey practices are in compliance with the applicable Medicaid regulations. Though the document retention process endorsed by SAO is not required by federal law or rule, the DOH shares an interest in adopting best practices. The Department will implement a documentation retention policy consistent with the business needs of our agency. **The condition noted in this finding was previously reported in finding 05-06.**
		Completion Date:	Estimated July 2007

Department of Health (DOH) & Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	09 (Cont'd)	Finding:	The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, are not ensuring compliance with federal law regarding hospital surveys. **<u>Department of Social and Health Services</u>**
		Questioned Costs:	<u>CFDA #</u> <u>Amount</u> 93.775, 93.776 $0 93.777, 93.778
		Status:	No action taken
		Corrective Action:	For clarification purposes, it is a requirement for state agencies to produce a "Statement of Deficiencies and Plan of Correction" Centers for Medicare and Medicaid Services (CMS) Form 2567 for every survey event, whether deficiencies were found or not. Form 2567 serves as the official document of the survey event, and is recorded as such on a national database for use by CMS and the state agencies. To produce such a report, it is prudent for surveyors to take complete notes of all observations and to document the date and time of the observations; location; patient identifiers, individuals present during the observation, and the activity being observed, etc., for recall purposes. This is based on the survey protocols outlined in the State Operations Manual for each provider and supplier type. While the document retention process endorsed by SAO is not required by federal law or rule, we share an interest in adopting best practices. It is our intention to work with the Department of Health to implement a documentation retention policy consistent with the business needs. **The condition noted in this finding was previously reporting in finding 05-06.**
		Completion Date:	N/A

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	10	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration, does not perform certification surveys of Intermediate Care Facilities for the developmentally disabled according to federal law.
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $0 93.777, 93.778
		Status:	No action taken
		Corrective Action:	As a result of the Fiscal Year 2005 Medicaid Audit the Department asked the Center for Medicare and Medicaid Services (CMS) for clarification. On December 8, 2006, the CMS Regional Office (RO) made a determination regarding that audit finding. The CMS RO disagrees with the recommendation. CMS RO's review indicates the Department is following Federal guidelines and applicable regulations. 42 CFR 488.26(d) states "The State survey agency must use the survey methods, procedures, and forms prescribed by CMS." The CMS State Operations Manual gives the Department the guidelines that are followed in doing the certification or recertifications. **The condition noted in this finding was previously reported in finding 05-03.**
		Completion Date:	N/A

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	11	Finding:	The Department of Social and Health Services does not have adequate internal controls to ensure clients seeking to obtain medical benefits through the Medicaid program have applied according to federal regulations.
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $0 93.777, 93.778
		Status:	Corrective action in progress
		Corrective Action:	The Department complies with federal Medicaid application requirements specifically, the opportunity to apply without delay (42 CFR 435.902) on a form prescribed by the agency and signed under penalty of perjury (42 CFR 435.907(b)). There is no requirement for a (specific) request for Medicaid. However, for clarity the Department is implementing the following steps: • The Department's Community Service Office added a name and case number field to the signature page of the application in January 2007, to ensure all pieces of the application can be identified if separated. • In March 2007, the Department sent a memo to the field as a reminder to get signatures and to document changes to the request for benefits in March 2007. The staff was also reminded to document eligibility determination. • Applicants for long-term care programs may check either the box for medical or for long-term care services. Both are considered requests for medical assistance.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	11 (Cont'd)	Corrective Action: • Since 2003, when the Department's Document Management System (DMS) became functional for the Community Services Division (CSD). All documents are scanned into an electronic case record and retained by the Department – including applications received since that time. Prior to that time, obsolete paper (hard) copies of applications were destroyed – an application was declared obsolete three years after the last claim was paid. As of the implementation of the Document Management System, all received documents are scanned and stored in an electronic case record, so are available. • The Department's Health and Community Services has implemented DMS in two regions and should complete implementation for all regions by December 2007. • The Department follows 42 CFR 431.17(c) regarding record retention. The statement from the State Records Committee of approval for a three year record retention was given to the auditor. The CSD Headquarters will begin conducting random audits of medical cases in April of 2007. The audit will include reviewing the application process. Completion Date: Estimated December 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	12	Finding:	The Department of Social and Health Services, Office of Financial Recovery and Health and Recovery Services Administration, does not have adequate internal controls to ensure that final settlement amounts are refunded to the federal government and in a timely manner.
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $0 93.777, 93.778
		Status:	Corrective action in progress
		Corrective Action:	The Department's Financial Services Administration (FSA) established policies and procedures for refunding federal funds in October 2006. FSA is ensuring that the federal share of overpayments is refunded at the end of the 60-day period following discovery, based on policies established for regular and fraud/abuse overpayments. FSA meets with the Department's Health and Recovery Services Administration monthly and the Economic Services Administration, Aging and Disabilities Services Administration, Juvenile Rehabilitation Administration and Children's Administration periodically to discuss future overpayments and on-going collections. The Fraud and Abuse Coordination Team meets monthly to coordinate fraud cases. Representatives from various Department of Social and Health Services (DSHS) administrations that receive Medicaid funding participate in the meetings with the State's Medicaid Fraud Control Unit and FSA. This is another forum for FSA to obtain information to help overpayment collection efforts. FSA will create a workgroup of DSHS administrations by July 2007 to identify and determine how and who will be the person or office to monitor and ensure that all overpayments are referred to the Office of Financial Recovery. **The condition noted in this finding was previously reported in finding 05-24.**
		Completion Date:	Estimated July 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	13	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, has not established internal controls sufficient to ensure payment rates to its Healthy Options managed care providers are based on accurate data.
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $0 93.777, 93.778
		Status:	No action taken
		Corrective Action:	The Centers for Medicare and Medicaid Services (CMS) has approved Washington State's methodology for setting managed care rates. Due to this, no additional action will be taken on this finding. Please note that the new Provider One payment system includes a requirement for plans to submit costs paid data for Encounter Data submissions. Until that system is implemented, the state will continue to compare the encounter data with the plan experience data submitted to the actuary. That process has been reviewed by CMS and determined to be acceptable. Priced encounter data submissions are not a CMS requirement. **The condition noted in this finding was previously reported in finding 05-21.**
		Completion Date:	N/A

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	14	Finding:	The Department of Social and Health Services does not have adequate controls to ensure home health agencies are licensed, Medicare-certified and have signed Core Provider Agreements as required by law.
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $0 93.777, 93.778
		Status:	Corrective action in progress
		Corrective Action:	The Department's Provider Enrollment Unit has developed a new procedure to ensure that Home Health providers continue to meet Medicaid participation criteria. Beginning April 2007, Provider Enrollment will conduct a review from a random sample of Home Health providers every three months. The review will check for the Core Provider Agreement, the debarment statement, W9, and a current business license. A data base will be maintained showing the results of the reviews and action taken. **The condition noted in this finding was previously reported in finding 05-17.**
		Completion Date:	Estimated April 2007

Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	15	Finding:	The Department of Health does not retain documentation that would provide evidence to ensure all home health agency providers performed criminal background checks and obtained disclosures on employees having unsupervised access to vulnerable adults and children, as the law requires
		Questioned Costs:	CFDA # / Amount 93.775 / Not specified 93.776 93.777 93.778
		Status:	Corrective action in progress
		Corrective Action:	The goal of a Home Health Agency (HHA) survey is to determine if the entity is in compliance with conditions of participation as set forth in 42 CFR Parts 482 and 484, and by inference all applicable state laws including the requirement that HHAs perform criminal back ground checks. Criminal background checks are the responsibility of HHAs in accordance with WAC 246-335-030 (3), and WAC 246-335-065 (12). If surveyors for the Department determine that a subject HHA is in violation of the requirement to complete criminal background checks it is noted as such on the final report: CMS form 2567. If violations involve specific employees, a confidential list is also included and maintained in the file until the issue is resolved. If no violations have been found by the surveyor, the report is signed, filed and retained by the Department of Health. We believe that this fulfills the intent of CFR 42 CFR 431.610(f) (3) *to retain all information and reports*, and is consistent with state law. In addition, the process and methodology for our conduct of HHA surveys and reporting conforms to the Centers for Medicare and Medicaid Services (CMS) policies and procedures found in their State Operation Manual and Principles of Documentation Guide. The State Operation Manual and Principles of Documentation Guide are based on the requirements of 42 CFR 488, which is descriptive of the exception reporting process currently employed by DOH.

Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	15 (Cont'd)	Corrective Action:	The Department of Health maintains that current practices related to background checks are in compliance with all federal regulations. While the document retention process endorsed by SAO is not required by federal law or rule, the DOH shares an interest in adopting best practices. It is the Department's intention to implement a documentation retention policy consistent with the business needs of our agency. **The condition noted in this finding was previously reported in finding 05-18.**
		Completion Date:	Estimated July 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	16	Finding:	The Department of Social and Health Services does not have adequate controls to ensure providers of durable medical equipment exist, are properly licensed and have submitted accurate information.
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $0 93.777, 93.778
		Status:	Corrective action in progress
		Corrective Action:	The Department's Provider Enrollment Unit has developed a new procedure to ensure durable medical equipment (DME) providers continue to meet requirements for the Department. Beginning April 2007, Provider Enrollment will conduct a review from a random sample of DME providers every three months. The review will be check for the Core Provider Agreement, the debarment statement, W9, and a current business license. A record will be kept of reviews and action taken. As of January 2007, in-state providers must have a Washington State business license. Out-of-state providers may submit a state, county, or city license. The Department will accept any of the three. If the provider's state does not require a license, the provider must submit a letter stating their state has no licensing requirements. DME vendors that appear questionable based on the initial drive-by review are referred for additional follow up. Follow up reviews are scheduled into the existing workload based on risk and materiality to the Department. **The condition noted in this finding was previously reported in finding 05-14.**
		Completion Date:	Estimated April 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	17	Finding:	The Department of Social and Health Services is not adequately reviewing pharmaceutical claims to identify patterns of fraud and abuse.
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $0 93.777, 93.778
		Status:	Corrective action in progress
		Corrective Action:	The Department's Pharmacy Point of Sale (POS) vendor loaded the Drug Enforcement Administration (DEA) numbers from the national DEA database and in June 2006, the Department completed a Computer Services Request that utilizes this data to validate against the full DEA national database at the time of pharmacy claims adjudication. By October 2006, DEA numbers identified as belonging to veterinarians had been manually blocked in POS and their claims appropriately recouped. The Department will continue to manually block veterinary DEA numbers as they are identified. Although the Pharmacy POS now validates DEA numbers against the full DEA national database at the time of pharmacy claims adjudication, the Department will continue post-payment review to identify claims with an invalid prescriber number as appropriate. Beginning June 2007, the Department will pilot a provider self review process to allow pharmacies to submit valid DEA numbers for questioned claims. This self-review process is the result of the Department's previous post-payment review where providers submitted valid DEA numbers for 76 percent of the questioned claims. All overpayments identified by the Department are automatically reimbursed to the federal government via the established reporting process. **The condition noted in this finding was previously reported in finding 05-12.**
		Completion Date:	Estimated June 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	18	Finding: The Department of Social and Health Services has not established effective procedures in all administrations to ensure compliance with the federal Medicaid requirements for reporting adult victims of residential abuse to the Medicaid Fraud Control Unit. Questioned Costs: CFDA # — Amount 93.775, 93.776 — $0 93.777, 93.778 Status: Corrective action in progress Corrective Action: The Department's Mental Health Division (MHD) completed the following by December 2006: • All incidents are elevated to MHD Headquarters are reviewed and tracked for appropriate processing, referrals, corrective action, and close out. • The Department's mental facilities Eastern State Hospital (ESH) and Western State Hospital (WSH) reviewed and updated all policies surrounding the reporting of incidents to include mandatory reporting of substantiated incidents to the Medicaid Fraud Control Unit (MFCU) and appropriate follow up in the event of referrals. This included a feedback loop for cases referred to and from external entities. • The MHD is represented at the Medicaid Fraud Control Unit's monthly committee meetings. • A single point of contact has been designated for all referrals originating from the MFCU. • The Memorandum of Understanding between the Medicaid Fraud Control Unit and the Department has been established.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	18 (Cont'd)	Corrective Action:	The MHD will hire an Incident Manager by April 2007, whose primary role will be to track, monitor and to report on incidents. The MHD is developing an electronic incident reporting system that will track and trend incidents. This system will be available to the state hospitals and Regional Support Networks. This will provide an avenue to adequately monitor the incident process. Implementation is expected by June 2007. **The condition noted in this finding was previously reported in finding 05-13.**
		Completion Date:	Estimated June 2007

Department of Health (DOH) and Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	19	Finding: The agreement between the Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, covering hospitals' survey activities does not comply with federal requirements. **Department of Health** Questioned Costs: CFDA # — Amount 93.775 — Not specified 93.776 93.777 93.778 Status: Corrective action in progress Corrective Action: The current interagency agreement between the Department of Health Facilities Services and Licenses and the Department of Social and Health Services Medical Assistance Administrative has been amended to ensure that hospital surveys positively assert that all conditions of participation have been reviewed. The agreement also states that hospital surveys will be conducted according to the current administrative instructions issued by Centers for Medicare and Medicaid Services State Operations Manual. The State Auditor's finding asserts the current agreement is not in compliance with 42 CFR 431.610 (f). This section of the CFR details the requirements for the relationship between the state Medicaid agency and the survey agency but is not descriptive of the survey process. The Auditor's finding makes no reference to 42 CFR 488 Survey, Certification, and Enforcement Procedures. 42 CFR 488 clearly references § 1902 Requirements for participation in the Medicaid program as a statutory basis, and 42 CFR 488.18 provides the regulatory framework for the CMS survey process. 42 CFR 488.26 (d) specifically states that the state survey agency must use the survey methods procedures and forms that are prescribed by CMS.

Department of Health (DOH) and Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	19 (Cont'd)	Corrective Action:	The Centers for Medicare & Medicaid Services (CMS) are responsible for enforcing these policies and developing procedures to include documentation requirements. CMS conducts an annual performance review of the DOH to determine conformance with their policies/procedures/guidelines and regulations. CMS has conducted these reviews annually for the past 3 years and found DOH to be in compliance. By inclusion of the requirement to follow the CMS State Operations Manual we believe that we have met the specific requirements of 42 CFR 431.610 (f). During December 2006 the Department of Health received communication from the federal cognizant agency that current DOH survey practices are in compliance with the applicable Medicaid regulations. Though the document retention process endorsed by SAO is not required by federal law or rule, DOH shares an interest in adopting best practices. The Department will implement a documentation retention policy consistent with the business needs of DOH. **The condition noted in this finding was previously report in finding 05-07.**
		Completion Date:	Estimated July 2007

Department of Health (DOH)/Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	19 (Cont'd)	Finding:	The agreement between the Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, covering hospitals' survey activities does not comply with federal requirements. **Department of Social and Health Services**
		Questioned Costs:	CFDA # / Amount 93.775, 93.776 / $0 93.777, 93.778
		Status:	No action taken
		Corrective Action:	The Department of Social and Health Services (DSHS) disagrees with this finding. Clarification has been received from the Centers for Medicare and Medicaid Services (CMS) that the authority over the Department of Health (DOH) in conducting hospital surveys lies with CMS, not with the State Medicaid agency. Due to this, the agreement between DSHS and DOH is not required to contain or enforce all federal requirements, since DOH is responsible to CMS for these requirements. The agreement between the two agencies ensures adequate and timely communication on survey results, and allows DSHS to complete federal reports accurately and on time. The agreement's purpose does not extend beyond this purpose. **The condition noted in this finding was previously reported in finding 05-07.**
		Completion Date:	N/A

Department of Health

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	20	Finding:	The Washington State Department of Health has not established sufficient internal controls to safeguard gift cards used as incentives for participants in research studies done for the Centers for Disease Control and Prevention Investigations and Technical Assistance Program
		Questioned Costs:	CFDA # 93.283 — Amount $14,170
		Status:	Corrective action in progress
		Corrective Action:	The DOH implemented improved storage, inventory and reconciliation procedures governing the use of gift cards. Gift card inventory is now stored in the revenue office safe and issued to program managers on an *as needed* basis. Periodic surprise cash counts and reconciliations with inventory are now performed by our accounting staff. These controls will provide the necessary impetus for program managers to maintain accurate records for gift cards used as incentives in health related studies.
		Completion Date:	Estimated March 2007

Department of Health

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	21	Finding:	The Department of Health is not complying with federal requirements for time and effort reporting for the Centers for Disease Control and Prevention Investigations and Technical Assistance grant.
		Questioned Costs:	CFDA # / Amount 93.283 / There were no questioned costs associated with this finding.
		Status:	Corrective action in progress
		Corrective Action:	In response to this audit finding, the Department has reformatted the time and effort reporting documentation process so that it is more clearly understood by employees and supervisors who charge their time to CDC related grants. Lowest level supervisors will provide completed time and effort certifications for their staff each quarter per DOH policy. This will meet the federal time and effort requirements.
		Completion Date:	Estimated March 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	22	Finding:	The Department of Social and Health Services, Economic Services Administration, is not in compliance with eligibility requirements for the Temporary Assistance for Needy Families Program.
		Questioned Costs:	CFDA # 96.558 — Amount $32,041
		Status:	Corrective action in progress
		Corrective Action:	The Department has implemented the following processes to ensure clients have valid Social Security numbers (SSN): • The Department uses the Social Security Administration's State On-line Query (SOLQ) to check the validity of SSN. In November 2006, a reminder memo was sent to field staffs to use SOLQ. Required SOLQ training was conducted in December 2006. • Beginning December 2006, supervisors have added medical cases to their monthly case audits beginning December 2006, which include Temporary Assistance for Needy Families Program cases and focuses on mismatched alerts and check for consistent use of SOLQ for SSN verification. The Department is required to assist clients with obtaining a SSN. Cases identified by the auditor as questioned costs have been reviewed and clients have been requested to provide documentation to enable the Department to determine eligibility by June 2007. **The condition noted in this finding was previously reported in finding 05-36.**
		Completion Date:	Estimated June 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	23	Finding:	The Department of Social and Health Services, Division of Child Support, is not complying with federal requirements for time and effort reporting for the Child Support Enforcement grant.
		Questioned Costs:	CFDA # / Amount 96.563 / $23,259
		Status:	Corrective action in progress
		Corrective Action:	The Department will implement the following steps by April 2007, to ensure compliance with federal requirements for time and effort reporting for the Child Support Enforcement grant: • Develop a written process to ensure that the quarterly reconciliation is completed by the fiscal unit staff for child support staff. • Develop and distribute written procedures for employees who work on multiple grants. • Provide training to ensure staffs understand how to report actual time worked. • Continue to make quarterly adjustments based on time reporting. The Department's semi-annual time certifications are due in April 2007. The Department will implement the following steps: • Create lists of employees for each field office that are verified by district managers. • Create lists of employees for each child support headquarters unit which are verified by section chief or manager. • The lower-level reviews of names and verifications will be attached to a semi-annual certification for the Department's Child Support Division (CSD) Director to sign before it is sent to the Office of Accounting Services.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	23 (Cont'd)	Corrective Action: • CSD will add the following statement to the lists being verified by the headquarters managers and the district managers in the field: "I have personnel knowledge of the staff reflected in the FTE report for my office/area. All individuals reported worked 100% on IV-D grant activities (or have provided the necessary and appropriate timesheets." Completion Date: Estimated April 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	24	Finding: The Department of Social and Health Services, Division of Child Support, does not have adequate internal controls to ensure compliance with federal reporting requirements for the federal Child Support Enforcement grant. Questioned Costs: CFDA # 96.563 — Amount $0 Status: Corrective action in progress Corrective Action: The Department will be taking the following steps by May 2007, to guarantee adequate internal controls will ensure compliance with federal reporting requirements for the Quarterly Report of Expenditures and Estimates (OCSE 396A): • Develop a new workbook that is easy to understand and less error prone, • Train the staffs responsible for completing the federal report to ensure they understands the workbook, • Train a backup staff within the fiscal unit who can also complete the report, • The supervisor of the fiscal unit will verify that the report is accurate before it is certified within On-Line Data Collection (OLDC), and • The Department's Director of Child Support will certify the report. The OCSE 396A report for the quarter ending December 31, 2006 corrected the errors made on the March 31, 2006 report. Completion Date: Estimated May 2007

Department of Social and Health Services (DSHS)/Department of Early Learning (DEL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	25	Finding:	The Department of Social and Health Services and the Department of Early Learning do not have adequate internal controls over direct payments made to child care providers.
		Questioned Costs:	CFDA # / Amount 96.575, 93.596 / $55,610
		Status:	Corrective action in progress
		Corrective Action:	**Department of Social and Health Services** The Department of Early Learning is the administrator of the grant funds and primarily responsible for ensuring adequate internal controls over direct payments made to childe care providers. **Department of Early Learning** The Department of Early Learning will send a memo to licensed and certified child care providers along with the Department's newly updated booklet, "Child Care Subsidies, A Booklet for Licensed and Certified Child Care Providers" by April 30, 2007. The memo will stress the importance of keeping accurate attendance records and providing records when requested by the Department of Early Learning. The related Washington Administrative Code rules will be attached to the memo. **The condition noted in this finding was previously reported in finding 05-30.**
		Completion Date:	Estimated April 2007

Department of Social and Health Services (DSHS)/Department of Early Learning (DEL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	26	Finding:	The Department of Social and Health Services and the Department of Early Learning do not have adequate internal controls in place to ensure only eligible clients receive federal child care subsidies
		Questioned Costs:	CFDA # / Amount 96.575, 93.596 / $7,369
		Status:	Corrective action in progress
		Corrective Action:	**Department of Social and Health Services** The Department of Early Learning is the administrator of the grant funds and primarily responsible for ensuring adequate internal controls over eligibility of clients receiving federal child care subsidies. However, based on the Department of Social and Health Services' (DSHS) Management Accountability and Performance Statistics Statewide Report, the DSHS Economic Services Administration determined the number of child care cases per region and reestablished and defined the expectations for the field to complete a 1% child care review using DSHS's Audit 99 database. **Department of Early Learning** The Department of Early Learning (DEL) will send School Holiday Care billing directions to current in-home/relative providers by April 30, 2007. DEL will work with DSHS's Payment Review Program to develop an algorithm that will identify School Holiday Care billing for children who were under the age of five on September 2006. Potential overpayments will be referred to DSHS's Office of Financial Recovery for collection by June 30, 2007. DEL will explore the possibility of an edit in DSHS's Social Services Payment System by March 31, 2007, that will not allow billing for School Holiday Care when the child was not at least five years old by September 1, of that school year.
		Completion Date:	Estimated June 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	27	Finding:	The Department of Social and Health Services did not comply with federal requirements for suspension and debarment for the Social Services Block Grant.
		Questioned Costs:	CFDA # 93.667 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	On February 8, 2007, the Department completed a review, on February 8, 2007, of the 139 psychological and psychiatric contracts executed by Children's Administration before debarment terms were revised. The contractors' status was reviewed using the Excluded Parties List System Internet Website (EPLS). None of the 139 contractors were found on the list. The relevant EPLS screen for each search were printed, dated, and filed in the associated contract records. Appropriate debarment certification language was added to the Department's database of general terms and conditions in December 2006. All contracts entered into since have the corrected language.
		Completion Date:	February 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	28	Finding:	The Department of Social and Health Services, Division of Alcohol and Substance Abuse used federal funds to pay contractors a guaranteed amount above the actual level of service being provided.
		Questioned Costs:	CFDA # 93.959 — Amount $78,589
		Status:	Corrective action complete
		Corrective Action:	To ensure payments are issued with deliverables, the Department's Division of Alcohol and Substance Abuse amended contracts by February 28, 2007. The Division formed a cross-divisional workgroup to formulate necessary changes to the contract language.
		Completion Date:	February 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	29	Finding:	The Department of Social and Health Services, Economic Services Administration, reimbursed contractors for services that were not adequately supported.
		Questioned Costs:	CFDA # 96.561 — Amount $140,542
		Status:	Corrective action complete
		Corrective Action:	The Department requires contractors to maintain back up documentation of client intake and application assistance contacts and group presentations that contain at a minimum: • Client name • Date of birth • Signature • Phone number or contact information • Date of service Contractors are required to develop a corrective action plan if discrepancies exceed 5% of verified contacts. **The condition noted in this finding was previously reported in finding 05-32.**
		Completion Date:	July 2006

Interagency Committee for Outdoor Recreation (IAC)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	30	Finding:	The Interagency Committee for Outdoor Recreation did not comply with federal requirements for suspension and debarment for the Salmon Recovery Program.
		Questioned Costs:	CFDA # 11.438 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	The IAC believed that the certification format in use was adequate, but discovered as a result of the audit that the specific text was out of date. In response to this finding, new language, which has been reviewed by the Auditor, has been incorporated in contracts issued by the IAC. This new language includes an expanded certification regarding suspension and debarment, and sub-contract agreements. Effective January 10, 2007, all federally funded agreements will include this certification.
		Completion Date:	January 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	31	Finding:	The Department of Social and Health Services is not complying with federal requirements for time and effort reporting for the federal Vocational Rehabilitation Program.
		Questioned Costs:	CFDA # 84.126 — Amount $20,815
		Status:	Corrective action in progress
		Corrective Action:	The Department received verbal approval from the Federal Divisions of Cost Allocation that the Department's methods qualify as a substitute system. The Department's Office of Accounting Services (OAS) will continue to work on receiving written approval of its substitute systems. (September 2007) The owning of a position has been clarified recently for positions that are split between/among programs. The program identified in the Human Resource Management System organization unit will be responsible for completing the certification. It will be the responsibility of the identified program to update the Personnel Action Request form with the data obtained from the Personnel Activity records on a quarterly basis. This will allow the costs associated with these positions to be charged correctly to the various federal funding sources. The responsibility of these positions will be clarified during the next time certification process in May 2007. Time certification training will be provided by OAS to the Department's fiscal program managers. This training will be conducted by May 2007 and will focus on Accounting Policy Management Board Policies 50.01A and 50.01B. The Department's Division of Vocational Rehabilitation will consult with the federal partner, Rehabilitation Services Administration by July 2007, to determine whether questioned costs should be repaid. **The condition noted in this finding was previously reported in finding 05-59.**
		Completion Date:	Estimated September 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	32	Finding:	The Department of Social and Health Services, Division of Disability Determination Services received reimbursement for unallowable costs for the Social Security Disability Insurance Programs.
		Questioned Costs:	CFDA # / Amount 96.001, 96.006 / $62,931
		Status:	Corrective action in progress
		Corrective Action:	The Department's Division of Disability Determination's fiscal unit has controls in place to ensure that billings from the Washington State Patrol (WSP) are carefully scrutinized by at least two individuals before payment is made. If the documentation sent with the billing does not support the invoice, the Division withholds payment until adequate documentation is received. The Division is waiting for a new Memorandum of Understanding (MOU) between the WSP, the Social Security Administration (SSA), Office of Inspector General and the Division to be signed by all parties. This is expected by July 2007. The new MOU contains language that provides for payment of up to 35 percent in indirect costs to the WSP. The Division consulted with the Regional Office of the SSA regarding repayment of indirect costs paid to the WSP. The SSA does not consider these costs unallowable and will not be requesting reimbursement from the Division. **The condition noted in this finding was previously reported in finding 05-41.**
		Completion Date:	Estimated July 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	33	Finding:	The Department of Social and Health Services, Division of Disability Determination Services charged unallowable costs to Social Security Disability Insurance Programs.
		Questioned Costs:	CFDA # / Amount 96.001, 96.006 / $10,520
		Status:	Corrective action in progress
		Corrective Action:	The Department's Division of Disability Determination Services will contact the Regional office of the Social Security Administration (SSA) to report the unallowable costs associated with the non-grant Medical Assistance Program (NGMA) calculation error. The Division will reimburse SSA for the unallowable costs per Department policy by April 2007. Internal controls have been implemented to ensure that NGMA rates are calculated correctly. The NGMA spreadsheet is now protected so that formula errors do not occur. The spreadsheet calculations are reviewed by the fiscal unit supervisor before being transmitted to the Office of Accounting Services for input into the state accounting system.
		Completion Date:	Estimated April 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	34	Finding:	The Department of Social and Health Services, Division of Disability Determination Services, did not comply with state and federal regulations when contracting for services paid with Social Security Disability Insurance Program funds.
		Questioned Costs:	CFDA # 96.001, 96.006 — Amount $0
		Status:	Corrective action in progress
		Corrective Action:	The Department's Division of Disability Determination Services consulted with the Department's Central Contracts Services to develop a personal service contract for consultative providers. The Division will identify prospective contractors through a "Request for Qualification" process, in accordance with the State's RCW 39.29.040 and the Office of Financial Management guidelines. The Division will offer personal service contracts by October 2007, to all qualifying providers willing to accept standard fees published on the Department's internet website at: http://fortress.wa.gov/dshs/maa/DDDS/Fee%20Schedule.pdf. The Division will create contracts and maintain records for each contractor, in accordance with Department policies. **The condition noted in this finding was previously reported in finding 05-39.**
		Completion Date:	Estimated October 2007

State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2006

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2006

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State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2006
(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2006

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State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2006
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*****Corrective action was taken
****** Two years have passed since the audit report in which the finding occurred was submitted to the Federal clearinghouse, the Federal agency is not currently following up with the auditee, and a management decision was not issued.
***This finding relates to a compliance issue that occurred in state fiscal year 2001. CFDA 17.255 was the applicable catalog number at that time.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	01	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration (formerly Medical Assistance Administration), does not have procedures to identify treatments and services that may not be allowable for reimbursement under the State Medicaid Plan.
		Questioned Costs:	CFDA # 93.778 — Amount $47,970
		Status:	Corrective action complete
		Corrective Action:	By policy, the Department intends to pay only for medically necessary services. The Department is not aware of any exception or specific unallowable claims for which corrective action is necessary. Research activities began (noted below) upon receipt of medical documentation and/or detailed working papers from the auditor. The Department investigated and found no corrective action necessary. • The Health and Recovery Services Administration (HRSA) researched and verified the medical necessity of the clients who were identified as "exceptions" for having received breast reduction and breast enlargement surgery. Medical records were requested and reviewed for all exceptions. The surgeon in charge indicated in the patient's medical records that the surgery was necessary due to the need for pain management, a qualifying condition for the surgery. This process was completed November 10, 2006. • Breast enlargement and reduction surgery is paid according to Expedited Prior Authorization criteria included on a claim. HRSA hired a Registered Nurse July 16, 2006, to perform the responsibilities of managing the Expedited Prior Authorization program.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	01 (Cont'd)	• The Department implemented a new medical necessity Washington Administrative Code (WAC) 388-501-0165 in December 2005. All cases with a diagnosis of trans-sexualism are reviewed according to the amended medical necessity WAC. The Department continues to participate in Fair Hearings and submit decisions to the Board of Appeals as appropriate and necessary to sustain coverage decisions. • HRSA added trans-gender surgery as a non-covered service in the state's new Certificate of Coverage WAC in December 2006, because evidence-based criteria deems hormone therapy and psychotherapy as effective, lower risk and lower cost treatment for the condition of gender dysphoria. The new Certificate of Coverage WAC is designed to clarify which service categories are covered, covered with limitations and non-covered. • Clients may enter into Medicaid with chronic diseases and/or medical equipment (including penile implants) paid for by the client or another health plan. HRSA will authorize payment for devices or previous procedures that fail or require repair when medically necessary. HRSA continues to review requests and authorize payment for those procedures that are considered medically necessary. • Because office visits are not prior authorized and not reviewed by diagnosis HRSA continues to assume that office visits carrying the diagnosis of trans-sexual are medically necessary and backed up with documentation by the provider as required by law and regulation. • HRSA continues to make decisions based on medical necessity and pay for hormone replacement and psychotherapy as equally effective, less risky and less costly alternatives for both pre and post surgery candidates as determined appropriate. Completion Date: December 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	02	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration, does not have adequate controls to ensure that all alleged violations and complaints of abuse and neglect are investigated in accordance with federal law.
		Questioned Costs:	CFDA # 93.778 — Amount $0
		Status:	No action taken
		Corrective Action:	The Department disagrees with this finding. The Department requires facilities to follow the Code of Federal Regulations, 42 CFR 483 Subpart I in order to protect individuals from abuse, neglect, and mistreatment. Residential Care Services, a division in the Aging and Disability Services Administration, conducts complaint investigations according to procedures established in the federal State Operations Manual by the Centers for Medicare and Medicaid Services. All identified examples have been reviewed and were triaged and investigated according to the established procedures.
		Completion Date:	N/A

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	03	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration, does not perform certification surveys of Intermediate Care Facilities for the developmentally disabled according to federal law.
		Questioned Costs:	CFDA # 93.778 — Amount $0
		Status:	Refer to finding 06-10
		Corrective Action:	The Department follows the survey process identified in the Centers for Medicare and Medicaid Services (CMS) State Operations Manual, Appendix J. This is where the directions for survey of Intermediate Care Facilities for the Mentally Retarded are found. As authorized by 42 USC § 1302, the Secretary of the Department of Health and Human Services (DHHS) has adopted regulations consistent with the requirements of the Social Security Act. Under these rules: Providers of Intermediate Care Facilities for the Mentally Retarded must meet all of the certification requirements of 42 CFR 483 Subpart I; and state agencies must conduct certification surveys in accordance with 42 CFR 488.26(c), including subsection (5) (d), which states, "the state survey agency must use the survey methods, procedures and forms that are prescribed by CMS." During an initial certification survey the Department reviews all eight Medicaid conditions of participation, including the associated 489 standards. For a recertification survey, CMS has adopted specific procedures, which require state agencies to review four conditions of participation and the associated 57 standards. The procedures also give the Department the authority to expand the scope of the survey at any time, based upon survey findings or information from other sources.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	03 (Cont'd)		The Department sought additional clarification from the federal Department of Health and Human Services (HHS) to resolve the conflicting direction received by the Office of Inspector General and CMS. DSHS Secretary Robin Arnold-Williams initially raised this question with HHS during a conference call in July 2006, and discussions are continuing with HHS. The Department expects to receive an official decision from HHS shortly.
		Completion Date:	This finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-10.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	04	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration does not have a process to impose sanctions, recover funds, schedule or hold hearings for Intermediate Care Facilities for the Developmentally Disabled that are not in substantial compliance with federal health and safety standards.
		Questioned Costs:	CFDA # 93.778 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	The Department continues to follow the Code of Federal Regulations (CFR) regarding scheduling and holding hearings will establish internal procedures consistent with the CFR. As of June 2006, the Department established: • Procedures to schedule and hold appeals hearings. • Process for instituting denial of payment sanctions. • Procedures to recoup funds paid to a facility in denial of payment status.
		Completion Date:	June 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	05	Finding:	The Department of Health is not conducting hospital surveys according to the frequency stipulated by state law and the Medicaid State Plan.
		Questioned Costs:	CFDA # 93.778 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	The scope of the Fiscal Year 2005 audit covered the survey cycle for Fiscal Years 2004 and 2005. During this time, state law RCW 70.41 required the Department to conduct inspection surveys of all hospitals at least yearly. However, the law allowed for a hospital surveyed by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) within the previous 12 months to be exempt from annual state survey if the Department received the results of the JCAHO survey. At the time of the audit, the Department acknowledged that it was not accomplishing the annual surveys due to lack of adequate staff and that a change to the law was being proposed to address this. The 2005 Legislature changed the law to require the Department to conduct inspection surveys of hospitals on average at least every 18 months. In addition, the Legislature modified the requirement for the JCAHO survey to allow those surveys to be deemed as meeting the 18-month survey requirement. These law changes became effective July 24, 2005 and, as of December 31, 2005, all hospitals are now being surveyed according to the 18-month average.
		Completion Date:	December 2005

Department of Health (DOH) & Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	06	Finding:	The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, are not ensuring compliance with federal law regarding hospital surveys.
		Questioned Costs:	CFDA # 93.778 — Amount $0
		Status:	Corrective action in progress
		Corrective Action:	**Department of Health** The Department of Health (DOH) and the Department of Social and Health Services (DSHS) have a signed agreement, effective December 2, 2005, that complies with the Medicaid State Plan and federal requirements. The agreement reflects those items that are required by the Centers for Medicare and Medicaid Services (CMS). During the Fiscal Year 2006 Medicaid audit, the auditor reiterated the position that the Department is not in compliance with federal requirements governing Medicaid surveys. While DOH maintains its position that it is meeting all federal requirements, the Department is working to implement documentation procedures that are intended to satisfy the auditor's requirement that field notes are retained as part of the documentation for hospital surveys.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-09.

Department of Health (DOH) & Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	06 (Cont'd)	Finding:	The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, are not ensuring compliance with federal law regarding hospital surveys.
		Questioned Costs:	CFDA # 93.778 — Amount $291,547,052
		Status:	Refer to finding 06-09
		Corrective Action:	**Department of Social and Health Services** The Department of Health (DOH) and the Department of Social and Health Services (DSHS), have a signed agreement effective December 2, 2005 that complies with the Medicaid State Plan and federal requirements for hospital surveys as approved by the Centers for Medicare and Medicaid Services (CMS). The agreement reflects those items that are required by CMS. All reports now indicate that all Federal Medicare hospital certification regulations (Conditions of Participation) are reviewed for compliance during the on-site. All deficient findings are documented according to CMS Principles of Documentation. The Department's review of the information made available by DOH indicates that source documents and other information obtained during survey's is retained in accordance with federal requirements and the agreement between the Department and DOH. DOH and DSHS believe that the terms of the agreement are in compliance with CMS rules.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-09.

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Health (DOH) & Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	07	Finding:	The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, agreement covering hospitals' survey activities does not comply with federal requirements.
			Department of Health
		Questioned Costs:	CFDA # / Amount 93.778 / $0
		Status:	Corrective action in progress
		Corrective Action:	The Department of Health (DOH) and the Department of Social and Health Services (DSHS), have a signed agreement effective December 2, 2005 that complies with the Medicaid State Plan and federal requirements for hospital surveys as approved by the Centers for Medicare and Medicaid Services (CMS). The agreement reflects those items that are required by CMS. All reports now indicate that all Federal Medicare hospital certification regulations (Conditions of Participation) are reviewed for compliance during the on-site. All deficient findings are documented according to CMS Principles of Documentation. The Department's review of the information made available by DOH indicates that source documents and other information obtained during surveys is retained in accordance with federal requirements and the agreement between the DSHS and DOH. DOH and DSHS believe that the terms of the agreement are in compliance with CMS rules.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to Finding 06-19.

Department of Health (DOH) & Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	07 (Cont'd)	Finding:	The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, agreement covering hospitals' survey activities does not comply with federal requirements. **Department of Social and Health Services**
		Questioned Costs:	CFDA # 93.778 — Amount $0
		Status:	Refer to finding 06-19
		Corrective Action:	The Department of Social and Health Services and Department of Health (DOH) have a finalized and signed agreement dated December 2, 2005, that complies with the Medicaid State Plan and Federal requirements for hospital surveys as approved by the Centers for Medicare and Medicaid Services (CMS). The agreement reflects those items that are required by CMS. The information that is shared by DOH is compliant with those requirements.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-19.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	08	Finding: The Department of Social and Health Services, Health and Recovery Services Administration (formerly Medical Assistance Administration), received federal Medicaid funds for unallowable services provided to undocumented aliens. Questioned Costs: CFDA # 93.778 — Amount $83,199,933 Status: Corrective action in progress Corrective Action: The Department will wait for the finalization of the current Alien Emergency Medical (AEM) audit by the federal Office of Inspector General and make appropriate corrections so as to avoid any conflicts on the interpretation of the AEM policy. This is estimated to be completed by June 2007. As a result of the Fiscal Year 2005 audit, the following corrective steps are currently in progress to improve internal controls of Social Security number (SSN) verification: As a result of the Fiscal Year 2005 audit, the following corrective steps are currently in progress to improve internal controls of Social Security number (SSN) verification: ▪ A review of the automated SSN verification at the time of the Automated Client Eligibility system (ACES) entry was completed on February 4, 2005. In addition, the Department has enhanced procedures, including modification of the interface with the federal database to update nightly, with income and Medicare eligibility updated daily. ▪ The most significant solution for ensuring correct social security numbers is the modification to the State On-line Query (SOLQ). This change was made in ACES April 16, 2006. The SOLQ interface was modified to accommodate users' ability to multiple queries without exiting the system. With the upgrade staffs were trained to verify the SSN upfront to maximize efficiency and accuracy.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	08 (Cont'd)	▪ Staff is currently required to act on SSN discrepancy alerts sent by the Social Security Administration. The Department will continue to provide instruction and written guidance to staff regarding the manner in which alerts are handled. ▪ The Department has initiated a cross-administration SSN Quality Improvement Workgroup and will continue to focus attention on increasing the accuracy of SSNs in ACES and the Medicaid Management Information System. ▪ The auditor also recommended that the Department fund a state program that would pay for the additional care that the state wishes to provide for the undocumented alien population. Such funding decisions are the prerogative of the Legislature and not the Department. **The conditions noted in this finding were previously reported in finding 04-05.** Completion Date: Estimated June 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	09	Finding:	The Department of Social and Health Services, Medical Assistance Administration, is not complying with federal requirements to defer Medicaid expenditures related to undocumented aliens.
		Questioned Costs:	CFDA # 93.778 — Amount $27,264,885 to 32,114,267
		Status:	Refer to finding 06-07
		Corrective Action:	The Department established account coding in the Agency Financial Reporting System (AFRS) which facilitated the alien emergency medical (AEM) reporting on the CMS64 effective with the quarter ending June 30, 2004. Effective October 1, 2004, the Department has not drawn federal matching funds for AEM expenditures, except for labor and delivery. The cost for labor and delivery was specifically exempted upon confirmation with the Centers for Medicare and Medicaid Services via an email dated November 17, 2005. The Department will wait for the finalization of the current AEM audit by the federal Office of Inspector General to draw from the Medicaid award. This is estimated to be complete by June 2007.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-07.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	10	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to support its decisions on eligibility of clients enrolled in Medicaid's Basic Health Plus Program.
		Questioned Costs:	CFDA # 93.778 — Amount $29,206,364
		Status:	Refer to finding 06-05
		Corrective Action:	The Department disagrees with this finding. The Department's Automated Client Eligibility System (ACES) receives data interfaced from several sources including the Employment Security Dept. (ESD); SEMS (Child Support); Social Security/Bendex and a private income verification system known as TALX. It uses this information to determine employment of all adults in the household using their Social Security Numbers (SSN). Because these are Basic Health (BH) Plus households and the adults are BH members, the Department receives all adult SSN which are added ACES. Once in ACES the SSN is cross-matched with the interfaces. "Alerts" are generated if there are unreported earnings or income discrepancies for all adults (spouse included). These interfaces are considered independent sources. The Department does not accept client declaration of income as stated by the auditor. Staff follows established Department policies for corroborating client income as outlined in the EA-Z Manual. The Department follows the income methodology set forth in Washington Administrative Code, the EA-Z Manual, and federal regulations. The auditor has not shared with the Department the eligibility time frames they reviewed, or the methods employed to calculate household income. Due to this, the Department is not able to speak to the statements in the auditor's report regarding cases in which income found is thought to be in excess of federal standards. **The conditions noted in this finding were previously reported in finding 04-07.**
		Completion Date:	The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-05.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	11	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, does not have procedures to determine whether expenditures for anabolic steroids are allowable under the Medicaid program.
		Questioned Costs:	CFDA # 93.778 — Amount $269,610
		Status:	Corrective action complete
		Corrective Action:	The Department disagrees with this finding. The Department has hard stops and clinical review of all Point-of-Sale (POS) expenditures for anabolic steroids. Procedures to assure that anabolic steroid expenditures are allowable have been in place and operating effectively since the products came on the market. The Department received the auditors' working papers and examined each claim number or other specific identifier to determine if there was a weakness in the system that needs to be corrected or if a provider needs to be investigated. This process showed no weaknesses in the system; all questioned claims were paid appropriately. Prior to the audit, the Department has implemented its plan for managing the utilization of these medications and assuring that prescriptions written for medications classified as "anabolic steroids" are medically necessary through prior authorization. Procedures to direct all requests for these prescriptions to the Drug Utilization Review Team (DURT) for review and determination have been implemented. Standards for required clinical information from the prescriber are in place, as well as criteria for making medical necessity determinations. In 2005, DURT reviewed 171 requests of which 12 (7 percent) were denied for lack of medical necessity. The Department continues to assess the strength and consistency of its edits and prior authorization program. A review of data obtained from the Department's contracted POS vendor was completed on May 10, 2006 to test the effectiveness of edits and determine if any of these medications "slipped" through without prior authorization. Some problems were found on pharmacy claims and changes to procedures were made in June 2006.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	11 (Cont'd)	The auditor found that payments for anabolic steroids appear to be at inconsistent rates. The Department acknowledges the complexity of drug programs. Product strengths, dosages, package sizes, and units are among the variables that impact reimbursement costs. The Department has closely examined each claim and payment listed as a questionable cost. It was determined that all payments were made correctly. Completion Date: July 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	12	Finding:	The Department of Social and Health Services is not adequately reviewing pharmaceutical claims to identify patterns of fraud and abuse.
		Questioned Costs:	CFDA # 93.778 — Amount $1,258,343
		Status:	Corrective action in progress
		Corrective Action:	On June 5, 2006, the Pharmacy Point of Sale (POS) vendor loaded Drug Enforcement Authority (DEA) numbers from the national DEA database and the Department has completed a change request to the Medicaid Management Information System (MMIS) that will utilize this data to validate against the full DEA national database at the time claims are processed for payment. This validation will eliminate the need to rely on a manual process for blocking invalid DEA numbers. New Health Insurance Portability and Accountability Act rules require the use of a National Provider Identifier (NPI) for medical providers starting in May 2007. The Department has expressed to the Centers for Medicaid and Medicare that upon implementation of the ProviderOne system, projected for February 2008, this number will be used to identify prescribing providers in the POS and the DEA number. It will be used solely for validation that a provider is registered to prescribe controlled substances. The Department is in the process of development and implementation of a new MMIS and Pharmacy POS. The new MMIS/POS, targeted for implementation in July 2007, is designed to support the NPI as described above. The Department has a rigorous and extensive Drug Use Review Program and is in full compliance with Sec. 456.709. Post payment review of invalid DEA numbers has been added to the regular Department Payment Review Program (PRP) algorithm process. The PRP ran an algorithm that uses the federal DEA database to identify invalid DEA numbers and issued overpayment notices totaling $769,000 to 219 pharmacies statewide in January 2006. Upon investigation of overpayment notices and responses from pharmacies, it was determined that virtually all invalid DEA numbers are the result of administrative errors. Given this development, the Department will not perform further post payment review on pharmacy claims through June 2006 (when the automatic check was implemented).
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-17.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	13	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, is not in compliance with the federal Medicaid requirements for reporting adult victims of residential abuse to the Medicaid Fraud Control Unit.
		Questioned Costs:	CFDA # 93.778 — Amount $0
		Status:	Refer to finding 06-18
		Corrective Action:	The Department's Division of Alcohol and Substance Abuse (DASA), Mental Health Division (MHD) Headquarters and Eastern and Western State Hospitals now include procedures and policies to report allegations of abuse and neglect to the Medicaid Fraud Control Unit (MFCU) in accordance with federal law. Mental Health's policy went into effect March 2005 and DASA's policy went into effect June 30, 2005. The MHD Compliance Officer currently reviews 100 percent of incident and daily reports submitted to the division from the hospitals. The DASA Certification Supervisor currently reviews 100 percent of incident reports of fraud or abuse. The DASA Internal Auditor is monitoring and reviewing incident reports on a monthly basis and ensuring the division is in compliance with all polices related to reporting requirements of Medicaid Fraud and Abuse of Medicaid Patients. The Department also examined the adequacy of policies and procedures related to follow up on contacts made to the Department by the Fraud Control Unit related to potential abuse. This was complete October 25, 2006. Policies and procedures were found to be adequate. **The condition noted in this finding was previously reported in finding 04-18.**
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-18.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	14	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, does not perform adequate reviews of providers of durable medical equipment to ensure the providers exist, are properly licensed and have submitted accurate information.
		Questioned Costs:	CFDA # 93.778 — Amount $0
		Status:	Corrective action in progress
		Corrective Action:	In February 2006, the Department's Provider Enrollment Unit put new policies in place requiring verification of a provider's address using the reverse directory. The current Medicaid Management Information System (MMIS) only allows a field for one license. Consequently both business and professional licenses cannot be stored. The new Provider One system will allow both. The current MMIS system is being replaced with the new "ProviderOne" MMIS. The Administration is actively participating in design sessions for the new system. This includes requiring the system to identify expired business licenses. Implementation is target for June 2007. Provider Enrollment is reviewing all providers to assure requirements are met. In January 2006 Provider Enrollment sent out the "24 Month" letters asking providers who have not done any business with the Department for 24 months to respond by Feb 15, 2006, if they wanted to remain on the Department's active list. As of Feb 18, 2006, the Department terminated 820 providers. The Department has initiated a policy where the Provider Relations Field Unit and the Office of Payment Review and Audit (OPRA), visit durable medical equipment (DME) providers ("drive-bys") to verify the address of the DME dealers in that area. This is currently being done and documented.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	14 (Cont'd)		The Division of Fraud and Investigations also verify DME vendors when their investigators are in the field. This information is provided to OPRA, which is responsible for this activity. As of November 17, 2006, 271 reviews have been conducted. There are twelve vendors that remain to be reviewed by OPRA. **The condition noted in this finding was previously reported in finding 04-14.**
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-16.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	15	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to prevent Medicaid payments for services provided after a client's death or to prevent payments for services provided to individuals using the Social Security number of a deceased person.
		Questioned Costs:	CFDA # 93.778 — Amount $1,873,889
		Status:	Corrective action in progress
		Corrective Action:	On February 4, 2005, the Department completed a review of the automated Social Security number (SSN) verification at the time of the Automated Client Eligibility System (ACES) entry. As a result, newly established automated verification of SSN for each ACES entry has been implemented. The ACES federal interface was modified to use State Data Exchange/Wire Third Party Query (WTPY) for SSN verification on a nightly basis. In addition, the Department has enhanced procedures, including modification of the interface with the federal Social Security Administration (SSA) database to update nightly, with income and Medicare eligibility updated daily. The SSA's State Online Query (SOLQ) user interface was modified April 16, 2006, to accommodate user's ability to multiple SSN validations without exiting the system. The Department continues to provide instruction and written guidance to staff regarding the manner in which alerts are handled. The Department has initiated a cross-administration SSN Quality Improvement Workgroup and continues to focus attention on increasing the accuracy of SSNs in ACES and the Medicaid Management Information System (MMIS).

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	15 (Cont'd)		The Department is not aware of any known computer interface issues that require specific action at this time. The Department continues to assess, prioritize, and resolve interface issues as they are identified. The Design Phase of the new MMIS is underway and includes a complete assessment of the ACES/MMIS interface. Implementation of the new ProviderOne interface with ACES will be thoroughly tested prior to implementation to assure that data is being transferred accurately. This is targeted for June 2007. The Department receives quarterly death data from the Department of Health (DOH). The Department is a stakeholder in a DOH initiative that will provide the Department with real-time on-line access to DOH death data. Although currently being piloted in two counties, statewide implementation is not anticipated for several years. DOH will remain dependent upon counties for receipt of death data, resulting in a lag in receipt of the information. Due to this lag, the Department continues its successful post-pay review activities and the identification and recoupment of claims paid for deceased clients. The Department's Payment Review Program follows up with quarterly post-payment review activities related to date of death with the identification of any potential provider fraud and appropriate referral to the Medicaid Fraud Control Unit. **The conditions noted in this finding were previously reported in finding 04-02.**
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-03.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	16	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, did not ensure that home health agencies providing services under the Medicaid program complied with federal surety bond requirements.
		Questioned Costs:	CFDA # 93.778 — Amount $15,269,485
		Status:	No action taken
		Corrective Action:	The Department recognizes the concerns of this finding. Because of that, the Department has asked for and received a memorandum from the Department's Attorney General (AG) regarding the surety bond issue. The final conclusion of the AAG is: "CMS (the Centers for Medicare and Medicaid Services) suspended the surety bond requirement in July 1998 and has not reinstated this requirement; therefore, Home Health Agencies are not required to show compliance with the surety bond requirement at this time." DSHS Secretary Robin Arnold-Williams asked the federal Department of Health and Human Services (HHS) to resolve the conflicting direction received by the Office of the Inspector General and CMS on this issue and to provide clarification and direction to the state so both the State Auditor's Office and DSHS are clear about federal expectations and requirements. The Department expects to receive an official decision from HHS shortly.
		Completion Date:	N/A

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	17	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate reviews of home health agencies to ensure providers are licensed, Medicare certified, and have signed a Core Provider Agreement as required by law.
		Questioned Costs:	CFDA # 93.778 — Amount $208,587
		Status:	Refer to finding 06-14
		Corrective Action:	The Department's Provider Enrollment Unit updated the Provider Enrollment manual in July 2005 to reflect all the required documents. The lead worker in Provider Enrollment personally trained each worker in the unit to ensure that new manual requirements are met. Provider Enrollment started a project in November 2005 to bring all Home Health providers up to date and have all the needed documents. The project was completed in March 2006.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-14.

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	18	Finding:	The Department of Health does not retain documentation that would provide evidence to ensure all home health agency providers performed criminal background checks and obtained disclosures on employees having unsupervised access to vulnerable adults, as the law requires.
		Questioned Costs:	CFDA # 93.778 — Amount $0
		Status:	Corrective action in progress
		Corrective Action:	The Department does not concur with the finding and is in compliance with current state law. RCW 43.43.842 requires the Secretary of Health to adopt requirements for the licensure of home health agencies (HHAs) to include performance of criminal background checks on employees and others who have unsupervised access to vulnerable adults. The goal of an HHA survey is to determine if the entity is in compliance with conditions of participation as set forth in 42 CFR Parts 482 and 484, and by inference all applicable state laws including the requirement that HHAs perform criminal background checks. If the Department's surveyors determine that a subject HHA is in violation of the requirement to complete criminal background checks, it is noted as such on the final report (CMS Form 2567). If violations involve specific employees, a confidential list is also included and maintained in the file until the issue is resolved. If no violations have been found by the surveyor, the report is signed, filed and retained by the Department. The Department believes this fulfills the intent of CFR 42 CFR 431.610(f) (3) to retain all information and reports, and is consistent with state law. In addition, the process and methodology for conduct of HHA surveys and reporting conforms to the Centers for Medicare and Medicaid Services (CMS) policies and procedures found in their State Operation Manual and Principles of Documentation Guide. The State Operation Manual and Principles of Documentation Guide are based on the requirements of 42 CFR 488, which is descriptive of the exception reporting process currently followed by the Department. During the Fiscal Year 2006 Medicaid audit, the auditor reiterated the position that the Department is not in compliance with federal requirements governing surveys of HHAs.

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	18 (Cont'd)	Corrective Action:	While DOH maintains its position that it is meeting all federal requirements, the Department is working to implement documentation procedures that are intended to satisfy the auditor's requirement that field notes are retained as part of the documentation for HHA surveys.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to Finding 06-15.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	19	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration, does not ensure providers of home health care services are Medicare-certified as required by the Medicaid State Plan.
		Questioned Costs:	CFDA # 93.778 — Amount $11,449,600
		Status:	Corrective action in progress
		Corrective Action:	On March 27, 2006, the Aging and Disability Services Administration (ADSA) submitted recommended State Plan Amendment language to the Health and Recovery Services Administration to clarify Medicare certification is not required when home health agencies provide services that do not require licensed registered nurses or licensed professional nurses. The clarified language is as follows: "State plan skilled nursing services, other than Private Duty, require a home health agency to be Medicare-certified. All other, non-skilled services do not require Medicare certification." This amended language was approved by Centers for Medicare and Medicaid Services (CMS) on June 30, 2006. It corrects the identified issues related to Private Duty Nursing services provided by home health agencies under the State Plan. CMS requested that the exemption of Medicare Certification for home health agencies that provide personal care services be addressed in the personal care sections of the State Plan. This necessitated an additional amendment request which was submitted to CMS on June 28, 2006. The Department responded to a CMS Request for Additional Information on August 31, 2006. It is anticipated that a decision will be made in June 2007.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-01.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	20	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, is not complying with federal regulations that require people receiving Medicaid benefits to have valid Social Security numbers.
		Questioned Costs:	CFDA # 93.778 — Amount $10,475,283
		Status:	Refer to finding 06-02
		Corrective Action:	The Department's current Washington Administrative Code (WAC) and procedures require that each client applying for Medicaid benefits furnish their Social Security number (SSN). However, the Department can not delay or deny a client Medicaid benefits pending the issuance or verification of a SSN from the Social Security Administration. This requirement is in federal rule. A review of the automated SSN verification at the time of Automated Client Eligibility System (ACES) entry was completed on February 4, 2005. In addition, the Department has enhanced procedures, including modification of the interface with the federal Social Security Administration (SSA) database to update nightly, with income and Medicare eligibility updated daily. The SSA's State Online Query (SOLQ) user interface was modified to accommodate user's ability to perform multiple SSN validations without exiting the system on April 16, 2006. The Department continues to provide instruction and written guidance to staff regarding the manner in which "alerts" are handled. The Department initiated a cross-administration SSN Quality Improvement Workgroup and will continue to focus attention on increasing the accuracy of SSNs in ACES and the Medicaid Management Information System (MMIS).

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	20 (Cont'd)		Beginning May 2006, the Health and Recovery Services Administration runs a monthly report of all clients who received two months of Medicaid benefits without furnishing a SSN. This facilitates follow-up for clients who are approved for Medicaid while pending a SSN or verification of an SSN. Follow-up includes sending letters and other contacts to clients, in order to obtain valid SSNs. Eligibility for the Take Charge Program clients (about 90,000 statewide) is not currently done is ACES but in a web-based program outside of ACES. The Take Charge program moved to the ACES main frame on January 7, 2007. **The condition noted in this finding was previously reported in finding 04-11.**
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-02.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	21	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, has not established internal controls sufficient to ensure payment rates to its Healthy Options managed care providers are based on accurate data.
		Questioned Costs:	CFDA # 93.778 — Amount $917,124,619
		Status:	Refer to finding 06-13
		Corrective Action:	Although the Centers for Medicare and Medicaid Services (CMS) has not found fault with the rate-setting process, the Department transferred the encounter data (from the Health Insurance Portability and Accountability Act like format) into the states decision support system (a subset of MMIS data warehouse) in August 2006. This change allows more rigorous analysis of encounter data in the rate setting process. Central Office CMS has not interpreted the Balanced Budget Act rules as saying that states must collect the cost reimbursement information. Region X, Central Office CMS, and the Department have all participated in telephone conversations together discussing this issue. Currently, the consensus is that it is a non-issue. If the requirements change, this would need to be addressed by the Department. **The condition noted in this finding was previously reported in finding 04-20.**
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-13.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	22	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, made supplemental Medicaid payments to public hospital districts totaling $41,154,000 without a federally approved payment methodology.
		Questioned Costs:	CFDA # 93.778 — Amount $20,577,000
		Status:	Corrective action complete
		Corrective Action:	The Department submitted a State Plan Amendment to the Centers for Medicare and Medicaid Services (CMS), the federal Medicaid funding authority, to clarify the methodology for nursing home supplemental payments (known as Proshare). The amendment was approved in October 2006, by CMS. **The condition noted in this finding was previously reported in finding 04-08.**
		Completion Date:	October 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	23	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, does not ensure that providers of motorized wheelchairs have the documentation required to substantiate claims for payment.
		Questioned Costs:	CFDA # 93.778 — Amount $1,725,509
		Status:	Refer to finding 06-06
		Corrective Action:	The Washington Administrative Code was updated on November 18, 2005 require providers comply with documentation requirements for Medicare and Medicaid. A draft "Standardize Prescription and Proof of Medical Necessity Form" is going through internal review and is expected to be implemented by providers by December 2006. The auditor questioned the Department's policy not to require prior authorization of wheelchair purchases for clients who are dually eligible for Medicare and Medicaid. The Department believes that prior authorizations for dual eligible clients would be an unnecessary burden on the Department, providers, and clients. This requirement would not be cost effective given the medical necessity requirements fall to Medicare and the State relies on Medicare for this purpose. Medicare has improved its own guidelines including a prior authorization process, which appears to be quite stringent. **The condition noted in this finding was previously reported in finding 04-13.**
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to 06-06.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	24	Finding:	The Department of Social and Health Services, Office of Financial Recovery and Health and Recovery Services Administration, does not have adequate internal controls to ensure that final settlement amounts are refunded to the federal government, and in a timely manner.
		Questioned Costs:	CFDA # 93.778 — Amount $476,599
		Status:	Refer to finding 06-12
		Corrective Action:	In October 2006, the Department's Division of Audit and Information Services (DAIS) finalized new policies and procedures that direct proper reporting of provider overpayments identified during audits conducted by the Office of Payment Review and Audit (OPRA). These policies prescribe guidance for determining the date of discovery for Hospital and Medical audits. The Office of Financial Recovery (OFR) also established policy and procedures to ensure the Department refunds the federal share of overpayments within 60 days of the date of discovery (per DAIS policy) rather than 60 days of being established as a receivable within the Collections and Accounts Receivable System. OFR and OPRA staffs meet monthly to monitor the overpayment process for all overpayments submitted by OPRA to OFR. This process must operate smoothly if the federal recovery process is to be accurate. OFR and the Office of Accounting Services reviewed the specific accounts audited to determine how much federal portion has been refunded. All outstanding federal portions were refunded by June 30, 2006.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-12.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	25	Finding:	The Department of Social and Health Services' Office of Accounting Services does not have adequate internal controls to ensure the federal portion of uncashed and cancelled warrants is refunded at the appropriate rate to the federal Medicaid Program.
		Questioned Costs:	CFDA # / Amount 93.778 / $7,569 overpayment
		Status:	Corrective action complete
		Corrective Action:	The Department's Office of Accounting Services (OAS) has implemented a process that ensures the correct federal/state allocation for Medicaid warrants is utilized, thus ensuring the warrant is cancelled at the correct federal percentage. The implementation of the process occurred in February 2006. The Financial Services Administration evaluated the effort required to review the 640 warrants with incorrect federal participation rates. These warrants were identified by the auditor as resulting in overpayments to the federal government in the amount of $7,568.53. The Department determined that it is not cost effective for staff to review, identify, and adjust these 640 items in order to claim the $7,568.53 in federal overpayments. Therefore, no additional work will be performed to claim the funds from Centers for Medicare and Medicaid Services.
		Completion Date:	May 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	26	Finding:	The Department of Social and Health Services' Office of Accounting Services does not have sufficient controls to ensure that the federal portion of uncashed warrants is refunded to the Medicaid Program in a timely manner.
		Questioned Costs:	CFDA # 93.778 — Amount $48,589
		Status:	Corrective action complete
		Corrective Action:	As of April 2005, the Department's Office of Accounting Services (OAS) has appropriate staff to address the warrant cancellation and refunding function and has cross-trained a sufficient number of individuals to ensure adequate coverage for processing the Statute of Limitation (SOL) warrants. The refunding process has been corrected. It was current for the last three quarters of Federal Fiscal Year 2005 and remaining current to date. OAS has increased management oversight, and, since April 2005, h as ensured staff is processing the transactions in a timely and accurate manner. OAS continues to develop effective monitoring procedures to identify and ensure SOL warrants are properly addressed so that refunds to federal programs will occur in a timely manner. The SOL warrants in question have been processed and the resultant Medicaid funds refunded to the federal government. This correction occurred on the Medicaid claim (CMS-64) for the quarter ending December 31, 2004 and quarter ending March 31, 2005.
		Completion Date:	April 2005

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	27	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration and Medical Assistance Administration, has not set up an effective system to ensure Medicaid payments are not being made to nursing homes that are not in compliance with federally mandated health and safety standards.
		Questioned Costs:	CFDA # 93.778 — Amount $6,138
		Status:	Corrective action complete
		Corrective Action:	The Department has re-contacted the Centers for Medicare and Medicaid Services (CMS) regarding access to their Adaptive Spatial Peer-to-Peer Network (ASPEN) for view only security to be able to access information, a follow-up of the Department's November 2005 request. CMS has provided additional names for contact but does not feel that access to this system is beneficial to the Department. CMS agrees with Claims Processing that in Fiscal Year 2005 things improved significantly and that the majority of the time the Department receive appropriate notices in a timely manner. The Department has also eliminated confusion related to notices where action was taken prematurely (due to lack of understanding what the notices meant) which has helped with the overall improvement. The Department does not have the authority to control the accuracy or timeliness of letters sent by the federal government. The Department continues to work with the regional CMS office to ensure that business processes are seamless and accurate information is shared in a timely manner. **The condition noted in this finding was previously reported in finding 04-09.**
		Completion Date:	March 2005

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	28	Finding: The Department of Social and Health Services paid providers with Medicaid funds through the Social Services Payment System for services to clients using Social Security numbers belonging to deceased persons. Questioned Costs: CFDA # 93.778 — Amount $2,232,301 Status: Corrective action in progress Corrective Action: The auditor recommended that the Department require staff to verify accuracy of Social Security numbers (SSN) for all clients. Washington Administrative Code (WAC) 388-476-0005 defines the Department's current SSN requirements for medical eligibility, and can be found in the Department's A-Z Manual. Section 3 states, "Assistance will not be delayed, denied or terminated pending the issuance of an SSN by the Social Security Administration (SSA). However, a person who does not comply with these requirements is not eligible for assistance". If a current and valid SSN is not available, the Department is responsible to assist a client in making an application for an SSN. Verification procedures are described under the section titled "Clarifying Information". SSNs are automatically verified through a cross-match with the SSA Numident file, once the data is entered into the Automated Client Eligibility System (ACES). SSN discrepancies in Numident generate "alerts" to the workers, as do discrepancies in State Data Exchange (SDX) or Beneficiary Data Exchange (BENDEX). In many cases the SSN is correct in ACES, but may be incorrect in the payment system (SSPS). This may be because the claim number was used in SSPS, or it may be due to data entry errors. When the Home and Community Services Quality Assurance Unit reviews client files to confirm financial eligibility, they check to see that the SSN recorded in SSPS is the same as the SSN recorded in ACES. They report discrepancies, using ACES as the correct record of the SSN.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	28 (Cont'd)	The limitations with the SSPS system will be corrected in the new "Provider One" system, when all payments made in SSPS will become part of the new Medicaid Management Information System (MMIS). This is scheduled to occur in 2008 or later. At that time, all medical and social services payments will be made from the same system, and will use the same ACES SSN verification processes described above. On April 5, 2006, the Department issued a Management Bulletin (MB) reminding staff of the importance of using the client's correct SSN from ACES, and instructions on how to obtain the ACES SSN. When the new MMIS (Provider One) is implemented, using an incorrect SSN in Provider One will cause payments to suspend. The auditor also recommended the Department ensure staff understand state law regarding identify theft. Revised Code of Washington (RCW) 9.35.020 defines first-degree identity theft as the use of false identification to obtain anything of value. Staff members were informed of the RCW via MB in 2005, and the MB previously referenced reiterated the provisions of this state law. Finally, the auditor recommended that instances of apparent identity theft be referred to the appropriate authorities. The Department's Payment Review Program re-runs algorithms quarterly and findings are referred to the Office of Financial Recovery or the Medicaid Fraud Control Unit for recovery. No instances of identity theft were found as a result of the Fiscal Year 2005 audit. **The conditions noted in this finding were previously reported in findings 04-03 and 04-04.** Completion Date: The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-08.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	29	Finding: The Department of Social and Health Services does not have adequate internal controls over the processing of expenditures through the Agency Financial Reporting System. Questioned Costs: CFDA # None; Amount $0 Status: Corrective action complete Corrective Action: The Department's Accounting Policy Management Board (APMB) developed and adopted Policy 20.01 – the Agency Financial Reporting System (AFRS) Input Security Options. The policy became effective February 1, 2006. In addition, the AFRS/DRS security request form and instructions were updated to correspond with the policy. APMB Policy 20.01 allows Department offices to select from two options that must be implemented to ensure there are adequate controls in place regarding AFRS Security. Option 1 requires a separation of input and release capability. Option 2 allows that a single individual may input and release, but an independent individual receives and reviews all warrants and turnaround documents. A Listserv message was sent out January 30, 2006 notifying Department fiscal staff of the new policy, the need to adopt one of the two options and that AFRS security needed to be updated for all users. In addition, the use of V0D1 (payments to vendors that do not require tax information to be obtained) is monitored closely. On a quarterly basis, the Office of Accounting Services (OAS) sends out a V0D1 report that lists all V0D1 payments made that quarter to each Fiscal Program Manager for review. The program is responsible to ensure the payments are accurate and for only prescribed V0D1 purposes. Additional analysis with the Office of Financial Management is necessary to determine if AFRS can limit V0D1 users and create exception reports. This initial analysis work is scheduled to begin in June 2007.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	29 (Cont'd)	The Financial Services Administration/Information Technology Office (FSA/ITO) consulted with the Information Systems Services Division (ISSD) to better coordinate and streamline the process of notifications on requests for access, changes and deletions. Currently FSA/ITO coordinates the AFRS access while the ISSD coordinates the mainframe (RACF) access. AFRS access cannot be used without mainframe (RACF) access. FSA/ITO has obtained an electronic file of all AFRS user IDs as well as all mainframe (RACF) user IDs and matched the two files for comparison and research. These files were also matched against current employees in an effort to identify and resolve discrepancies. This process is performed semi-annually in April and October and ensures access between the two systems is consistent. By June of 2006, all AFRS users were to submitted a new AFRS Security form. If a new form was not submitted, access to AFRS was terminated. This update required supervisors and managers to ensure the level of access was appropriate for the duties and batch types. **The condition noted in this finding was previously reported in finding 04-33.** Completion Date: June 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	30	Finding: The Department of Social and Health Services, Division of Child Care and Early Learning, does not have adequate internal controls over support for payments made to child care providers. Questioned Costs: CFDA # — Amount 93.575 — $800,000 93.596 93.558 93.667 Status: Corrective action in progress Corrective Action: The Department's Division of Child Care and Early Learning (DCCEL) was merged into a new agency, the Department of Early Learning (DEL), effective July 1, 2006. Prior to the transfer to DEL, DCCEL coordinated with the Quality Assurance Office in the Division of Management Resources and Services to conduct an audit of family child care homes by June 30, 2006. The audit included a review of provider attendance records. DEL mailed the non-mandatory Department attendance keeping form to all licensed child care providers in August 2006.. A cover memo reminded providers that they can use this form or a form of their own design as long as it contains the required elements. DEL is currently reviewing the option of requiring providers to use a specific attendance form. DEL reviewed the detailed case review information from the auditors and completed the following by August 31, 2006: • Ensure visits were documented correctly. • Follow-up with an onsite visit when necessary. • Follow up as needed to resolve issues. • Document outcomes in the case records.

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	30 (Cont'd)		DEL is pursuing the development of a new technology system which would automatically track attendance at each child care facility, and interface with the payment system for billing purposes. This is expected to greatly decrease errors in attendance-keeping and payment for child care services. DEL is updating the feasibility study for the new system and has requested funding for this project. The funding request has been incorporated in the Governor's 2007-2009 budget proposal. **The condition noted in this finding was previously reported in finding 04-25.**
		Completion Date:	The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-25.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	31	Finding:	The Department of Social and Health Services, Division of Child Care and Early Learning and Children's Administration, did not perform adequate background checks.
		Questioned Costs:	CFDA # / Amount N/A / $0
		Status:	Corrective action complete
		Corrective Action:	The Department does not concur with this finding. The Department trains licensors in all aspects of conducting and monitoring background checks and cites providers and applicants when they are out of compliance. Agency regulatory actions include civil penalties, license suspension and license revocation. The Department reviewed the auditor's files for accuracy. When deficiencies were identified, providers were contacted and trained on Washington Administrative Code requirements for background checks. The Department conducts approximately 35,000 background checks for childcare and about 16,500 for foster care. Requiring licensors to perform a visual confirmation of the person and photo identification is not possible for such a large number of background checks. Currently the Department's licensors visually confirm the identification of all licensees and require the providers visually confirm the identity of all of their employees. There is no requirement that the Department document Washington state residency, and there is no uniform widely accepted documentation for proving residency. Photo identification and residency documents can also be falsified.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	31 (Cont'd)	State law RCW 74.15.030(2) (b) only requires that nationwide fingerprint-based background checks be performed on persons who have not lived in the state for the prior three years or cannot verify their residency. Performing checks on a broader population would require a statutory change because the Federal Bureau of Investigations (FBI) will not accept fingerprint checks unless there is clear and specific state authority to perform them. Current Washington statute does not provide the clear and specific authority that the FBI requires. The Department understands that there are two legislators who are strongly considering introducing legislation during the 2007 legislative session to expand the Department of Early Learning's authority to do these checks. Additionally, the Joint Legislative Task Force on Background Checks intends to review the legislative, fiscal, stakeholder and information technology infrastructure changes needed to implement such fingerprint checks as a priority agenda item in 2007. The most recent data available (March 6, 2006 Government Management, Accountability and Performance presentation) shows the Department is at 99 percent timeliness for monitor visits. The Department has a goal of 95 percent or greater, and has met that goal in each month since October 2005. The Department's Division of Child Care and Early Learning was merged into a new agency, the Department of Early Learning (DEL), effective July 1, 2006. DEL continues to meet the goal and the monitoring visits are used to help ensure required background checks are completed. Completion Date: August 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	32	Finding: The Department of Social and Health Services, Economic Services Administration, reimbursed contractors for services that were not adequately supported. Questioned Costs: CFDA # — Amount 10.561 — $136,891 Status: Corrective action complete Corrective Action: The Department's Basic Food Education and Outreach Program requires contractors to input the date Basic Food Education and Outreach was delivered into the Online Reporting System. Payments to contractors are only made for client intake and application assistance contacts and assistance that include the date of service or contact. The Basic Food Education and Outreach contracts were amended to add this requirement in May 2006. Contractors are required to maintain back up documentation of client intake and application assistance contacts and group presentations that contain a minimum of the following: • Client name • Date of birth • Signature • Phone number or contact information • Date of service For all application and intake contacts, prior to authorizing payment the Department: • Compares invoiced billing information to information in the online reporting system. No payment is made for duplicate contacts and the contractor is informed in writing. • Pulls a monthly random sample (100 intake clients and 25 application assistance clients), and makes contact by phone to verify services were provided prior to payment. • Authorizes payment only for sampled claims when delivery of services is verified. If unable to verify services, the Department asks the contractor to provide documentation/verification, within 30 days, that services were indeed provided.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	32 (Cont'd)	• Requires contractors to develop a Corrective Action Plan if contact discrepancies exceed 5% of verified contacts for any given billing period. The Department also conducts the following monitoring practices, after payment has been authorized, to verify services were received as described in the monitoring plan: • Desk review of monthly billings, compare billings against the on-line reporting system • Desk review of quarterly billings, a randomly selected 5% sample • On-site monitoring visits, confirming client information is stored securely. As of March 2006, the Department only pays for Basic Food Education and Outreach services on a reimbursement basis for services made available to potential food stamp recipients. Invoices are checked for duplicate names within the entire list of contractor and subcontractors to verify a contact is not seen by different subcontractors within the same month of service. No payment is made for duplicated contacts by the same subcontractor or primary contractor. **The condition noted in this finding was previously reported in finding 04-28.** Completion Date: The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-29.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	33	Finding: The Department of Social and Health Services made unallowable duplicate payments through the Social Services Payment System. Questioned Costs: CFDA # — Amount 93.778 — $35,398 93.658 — 6,480 93.659 — 3,000 Status: Corrective action complete Corrective Action: The Department continues to work closely with the Payment Review Program to run algorithms to detect duplicate payments. The costs determined to be duplicate payments for the Aging and Disability Services Administration (ADSA) ($76,455) represent approximately .008 percent of the $933,899,668 in Social Services Payment System (SSPS) payments made by ADSA in Fiscal Year 2005. Most of the payments initially identified as potential duplicate payments in the auditor's testing were found to be valid and justified. The Department didn't find it feasible to make programming changes to SSPS that would prevent this small amount of duplicate payments from being made. It is anticipated that edits in new ProviderOne will help to prevent duplicate payments in the future. In subsequent review, only one of the five clients identified for duplicate payments in the Children's Administration was actually a duplicate payment. An overpayment for this exception was established in October 2004. The ADSA established overpayments on the eight duplicate payments identified in the audit process in October 2005. Once overpayments are established, they are sent to the Office of Financial Recovery for collection. If fraud is not involved, funds are returned to the appropriate funding source within 60 days. All nine overpayments have been recovered and returned. Completion Date: April 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	34	Finding:	The Department of Social and Health Services does not ensure that all recovered overpayments are credited to the appropriate funding source.
		Questioned Costs:	CFDA # 93.??? — Amount $0
		Status:	Corrective action complete
		Corrective Action:	The Department's Financial Services Administration developed a new Social Services Payment System (SSPS) account code history table that cross matches SSPS program codes (service, source, reason) to Agency Financial Reporting System account codes for the period of time in which they were used for warrant processing. This new process modified the Client Receivable System accounting module to distribute payment recoveries according to the distribution of the SSPS program code lines ensuring overpayments are credited to the appropriate funding sources. These changes were implemented on October 1, 2005. **The condition noted in this finding was previously reported in finding 04-27.**
		Completion Date:	October 2005

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	35	Finding: The Department of Social and Health Services does not have adequate internal controls over the Social Service Payment System. Questioned Costs: CFDA # Not Specified — Amount $0 Status: Corrective action complete Corrective Action: Of the issues the itemized in the finding, most have been resolved, primarily by the replacement of the system front-end program with WebConnect Plus. Resolution is noted for issues identified by the auditor as follows: • UNISYS was not capable of generating a list of operator identification and the associated user names. WebConnect now has a database that can generate a list of operator identifications and the associated user names and exact locations. • The Department used "generic" (shared) operator IDs and passwords to facilitate inquiry. These generic IDs have been eliminated. In order to do inquiry, users must use unique identifications and have a specific password. All access is recorded. • Four individuals had more than one operator ID. With WebConnect Plus security, each user has only one set of security access data and the operator IDs were totally eliminated. • The Department did not require the use of hardened passwords. All access to the Social Service Payment System (SSPS) and Fortress now require the use of a hardened password. • The Department did not using a lock-out mechanism to deter access. As of April 2006, the system has a lock-out mechanism in place that conforms to the Department of Information Services' standard of allowing no more than five attempts.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	35 (Cont'd)	Corrective Action: • UNISYS does not allow for the tracking of transactions within the system. The new front end WebConnect re-write, rolled out in April 2006, allows for the tracking of transactions within the system and stores data for each transaction that is linked to the user profile. • There was no read-only access to the Worker-ID screen. This function was added with the implementation of WebConnect Plus and has security limited access. Other issues were mitigated as much as possible given the age and functioning limitations of the system and operations requirements. These include the following: • SSPS expenditures were not reconciled to the state's Agency Financial Reporting System (AFRS). Payments are reconciled daily to AFRS. A Sequel database has been created which stores transactions that were completed outside the system for errors, adjustments, and returned payments. This information is compiled for processing with internal system information. The database allows the Office of Accounting Services (OAS) to reconcile the expenditures to AFRS monthly. There were inadequate controls to limit users establishing providers and ten operators had provider file input and authorization rights. The Department has reduced the 32 individuals that have access to provider file input to 12 and those who have both input and authorization access to seven. These individuals work in high level positions in OAS or SSPS headquarters and require access to these program areas to complete integral functions on the SSPS system. As a compensating control, WebConnect Plus records a string of data relating directly to the user profile on the individuals system account when any change is made in the provider file. A monthly report that shows all activity by these individuals is reviewed by an SSPS employee separate from these work functions. • The software that controls the system and changes did not have adequate controls and did not maintain an adequate record of changes. Specifically they found that personnel can re-point Executive Control Language (ECL). While the SSPS Unit continues to make a concerted effort to locate appropriate UNISYS software, no software for the UNYSIS mainframe is currently available to resolve the defined issues.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	35 (Cont'd)	Corrective Action: As of July 2006, SSPS has used Visual Studio and Source Safe to record changes to the system and who is responsible for enacting these changes. As compensating controls for the ECL re-pointing issue, the Department has required approval from ISSD to use ECL, a paper trail with checks and balances, and a monthly review of report tracking activity. Within the software limitations the risk has been limited as much as feasible until software becomes available. • Payments could be made to providers designated as closed, deceased or restricted. Blocking payments to restricted (status codes 1, 2, and 4) providers would remove the ability to pay for services due providers or their estates. The Department uses the following as compensating controls: o Several of the divisional front-end systems to SSPS block field staff from opening or extending authorizations that attempt to pay providers that have a 1, 2 or 4 status codes in the SSPS Provider File. o Within WebConnect, a pop-up warning has been added in the authorization screen for providers that are status 1, 2, or 4 to prevent inappropriate new authorizations to these providers. o SSPS sends each office the Change of Service Authorization Error Report, to alert them to the use of these providers. o A monthly report that lists all providers in status 1, 2, or 4, who have had services authorized, is monitored for problem areas. o Most status 4 coded files do not contain addresses, thereby ensuring SSPS is contacted for approval before any payment would be made. • The System used screens not appropriate to meet Health Insurance Portability and Accountability Act (HIPAA) requirements. SSPS is able to accept and make electronic payments for HIPAA purposes. A new Medicaid Management Information System is in the implementation phase and will provide full HIPAA compliance in 2008. **The condition noted in this finding was previously reported in finding 04-34.** Completion Date: June 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	36	Finding:	The Department of Social and Health Services, Economic Services Administration, should improve compliance with eligibility requirements for the Temporary Assistance for Needy Families Program.
		Questioned Costs:	CFDA # 93.558 — Amount $0
		Status:	Refer to finding 06-22
		Corrective Action:	The Department compared Social Security numbers (SSN) provided by applicants to those contained in records maintained by other state or federal agencies for the 68 adult cases and the 34 child cases noted by the auditor in the finding. When the cases were sent to the field for review and completion, , the Department found: • 38 cases were closed cases, • 12 cases have been worked and require no further action, • 52 cases were referred to the Community Service Offices for review and correction. All corrections were made by March 31, 2006. The Automated Client Eligibility System upgrade to the State On Line Query System (SOLQ) system was implemented on April 16, 2006. The upgrade helps ensure correct SSNs. Notification was sent to field staff on SOLQ changes. The Department continues to verify SSNS by following state regulations. **The condition noted in this finding was previously reported in finding 04-23.**
		Completion Date:	The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-22.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	37	Finding:	The Department of Social and Health Services, Economic Services Administration, does not adequately monitor other state agencies to which it provides funds from the federal Temporary Assistance to Needy Families Program.
		Questioned Costs:	CFDA # 93.558 — Amount $7,516,082
		Status:	Corrective action complete
		Corrective Action:	The Department partially concurs with the findings. The initial monitoring plan contained weaknesses that have been corrected and the following action steps have been taken: The Department amended the Employment Security Department (ESD) contract with language that clearly specifies quarterly reporting of: a. Client names served by the partner agency; b. The size of the monitoring sample and the percentage of the sample that will require eligibility and service verification; c. Billing methodology; d. Verification that the methodology is being applied correctly. The Department monitored a random selection of clients for eligibility and continues this practice quarterly. In addition, the Department has become involved in ESD's internal monitoring process by partnering with ESD staff on site visit to ensure that eligibility, services and billing methodology are being accurately and consistently applied. This was completed in June 2006. The Department amended the contract with language the Community Trade and Economic Development and the State Board of Community and Technical Colleges (SBCTC) that clearly specifies quarterly reporting of: a. Client names served by the partner agency; b. The size of the monitoring sample and the percentage of the sample that requires eligibility and cost verification. The Department also monitored a random selection of clients from these organizations for eligibility and continues this practice quarterly.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	37 (Cont'd)	The Department's Division of Employment and Assistance Programs (DEAP) requested and received verification from SBCTC of the screening process used to identify low income students that are eligible for Temporary Assistance to Needy Families Program (TANF) funded services. Three colleges are selected for random sampling on a quarterly basis. DEAP requires SBCTC to provide further eligibility and billing verification for 5% of the students selected in the random sample. The Department conducted the first round of visits to Clark College, Renton Technical College and Spokane Valley Community College. These were completed May 14, 2006. DEAP continues to conduct monitoring visits to randomly selected colleges in conjunction with SBCTC. DEAP continues to ensure that the method used by the colleges to screen low income non-TANF recipients is accurate for TANF funded services. Beginning in April 2006, DEAP required that SBCTC provide a count of the numbers of students being served at every billing. The students were also separated between the number of TANF recipients and low income recipients eligible for the TANF funded employment and training program. DEAP also required the SBCTC to provide eligibility verification with billing information for 5% of the random sample of students each quarter beginning in April 2006. The amount billed from the 5% sample plus that of the remainder of the students should equal the total amount of the quarterly invoice. The Department disagreed with the auditor on the questioned $7,516,082 cost. DEAP requested and received verification from the SBCTC on randomly selected colleges that provided proof of income and eligibility for the low income recipients for the TANF funded employment and training program in question. All clients meet the definition of low income and are eligible to be served by the colleges. Therefore the SBCTC is entitled to bill and receive payment for services rendered under the TANF contract. Completion Date: June 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	38	Finding:	The Department of Social and Health Services, Economic Services Administration, did not comply with state and federal regulations requiring a monthly inventory of electronic benefit transfer cards used by the Food Stamp Program.
		Questioned Costs:	CFDA # 10.551, 10.651 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	The Department's Economic Services Administration implemented the following changes by April 1, 2006: • The reconciliation and reporting process was detailed in a letter from the Community Service Division Director and sent to all Regional Administrators and the Community Service Offices (CSO). • All CSOs are required to send an electronic benefit transfer card inventory reconciliation report each month to their Region office. Region office staffs are required to send a monthly report to Headquarters reporting all offices in the region have reconciled. • Headquarters monitors and follows up on any Region not reporting as required.
		Completion Date:	April 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	39	Finding:	The Department of Social and Health Services, Division of Disability Determination Services, did not comply with state and federal regulations when contracting for services paid with Social Security Disability Insurance Program funds.
		Questioned Costs:	CFDA # 96.001 — Amount $7,740,327
		Status:	Corrective action in progress
		Corrective Action:	The Department's Division of Disability Determination Services consulted with the Office of Financial Management (OFM) regarding the proper classification for consultative evaluation services. OFM determined that services provided to the Division's claimants by physicians, psychologists and psychiatrists are, in fact, personal services. The Division will develop a plan, to be phased in by October 2007, that will provide for the issuance of a personal service contract to any medical provider who agrees to see our claimants at the Department's fee schedule. The Division will utilize the competitive procurement process when additional providers are needed to perform evaluations. Until that time, contracts remain in place as client services contracts.
		Completion Date:	The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-34.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	40	Finding:	The Department of Social and Health Services, Division of Disability Determination Services, reported incorrect expenditures for the Social Security Disability Insurance Program on several reports, including the Schedule of Expenditures of Federal Awards.
		Questioned Costs:	CFDA # 96.001 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	The Department's Division of Disability Determination Services had a temporary breakdown of internal controls when two of the four administrative accounting staffs were out on maternity leave. Since then, the Division has reviewed internal controls to ensure that this type of error will not occur in the future. The Division reports disbursements from the state accounting system and reports obligations from an in-house legacy system. The Division is highly motivated to ensure that the amounts from both systems agree to the Department's official report to the federal grantor. The Division implemented a reconciliation method and other procedures to ensure that the disbursement amounts reported on the official report to the federal grantor agree to the state accounting system. This reconciliation was completed by June 30, 2006 and included reconciliation during the time period of the audit.
		Completion Date:	June 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	41	Finding:	The Department of Social and Health Services, Division of Disability Determination Services, received reimbursement for unallowable costs for the Social Security Disability Insurance Program.
		Questioned Costs:	CFDA # / Amount 96.001 / $76,021
		Status:	Refer to finding 06-32
		Corrective Action:	The auditor found the memorandum of understanding (MOU) between the Washington State Patrol (WSP) and the Division of Disability Determination Services (DDDS) did not include a provision for indirect costs and did not require backup documentation prior to payment. The MOU between WSP, DDDS and Social Security Administration (SSA) was valid until September 2006. The subsequent MOU was revised in October 2006 to reflect allowable indirect costs that WSP can charge to SSA. The Division's administrative Fiscal Unit reviewed all WSP billings since inception of the program and determined that all costs were allowable (with the exception of indirect costs). However, the Division now requires WSP to send payroll back-up documentation that matches their billings so that there is no confusion on what is being billed in the future.
		Completion Date:	The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-32.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	42	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, claimed costs for unallowable activities under the State Children's Health Insurance Program.
		Questioned Costs:	CFDA # 93.767 — Amount $1,573,409
		Status:	Corrective action complete
		Corrective Action:	The Department's Health and Recovery Services Administration has policies and procedures in place to identify allowable costs for transfer from Medicaid to the State Children's Health Program (SCHIP). The current process involves a quarterly matching of Department of Health (DOH) live births to claims data for the period of one day prior to birth and back 270 days. From this data, inpatient hospital claims for labor & delivery, abortion, and sterilization are excluded. Additionally, the Administration has been advised by the Centers for Medicare and Medicaid Services (CMS) in an e-mail from Elizabeth Trias dated December 12, 2005, that they "allow costs for such services as dental, vision care and physical therapy since Washington covers all services for women under the SCHIP unborn as they do under the pregnant women's program." The Administration received guidance from CMS on the allowability of costs, as noted above. As a result, the use of SCHIP funds for these costs is based on CMS guidance, and is allowable. The Administration obtained additional detail information of the questioned costs of $1,573,409. Review of this information indicates that the questioned costs are allowed, since the expenditures are for services that CMS allowed in their audit of the SCHIP program. **The condition noted in this finding was previously reported in finding 04-49.**
		Completion Date:	April 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	43	Finding:	The Department of Social and Health Services, Mental Health Division, did not comply with state laws or the Department's policies and procedures for recovering a Community Mental Health Services Block Grant overpayment reported in the previous audit.
		Questioned Costs:	CFDA # 93.958 — Amount $72,000
		Status:	Corrective action complete
		Corrective Action:	Based on the state Assistant Attorney General's opinion, the Department's Mental Health Division (MHD) referred the case to the Office of Financial Recovery (OFR) for collection. The MHD developed and/or modified policies and procedures to define and prevent advance payments. The MHD also coordinated with OFR to develop necessary policies and procedures to identify and resolve questionable bills from, or payments to, contractors. The new procedures were communicated to financial staff. These steps were completed by May 31, 2006. **The condition noted in this finding was previously reported in finding 04-32.**
		Completion Date:	August 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	44	Finding:	The Department of Social and Health Services, Mental Health Division, did not comply with state and federal regulations when contracting for services paid with federal Community Mental Health Services Block Grant funds.
		Questioned Costs:	CFDA # 93.958 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	In October 2006, the Department's Mental Health Division (MHD) completed staffing a Contracts Unit that has been lacking for more than a year. The Contracts Unit is responsible for ensuring that there is proper tracking of start dates for Mental Health Block Grant funds in the future. Since February 2006 no federal block grant contracts or amendments have been executed with start dates prior to the signing date. Training was provided to all program managers on contract management in October 2006 and after-the-fact signing was addressed. MHD ensures it is following its own Policy 6.03 that requires that block grant contracts not be approved after work has started. Reviews of federal block grant contracts are completed each year to monitor this requirement. In addition, MHD follows the new draft Administrative Policy 13.10 which directly addresses after-the-fact contracts for the Department. **The condition noted in this finding was previously reported in finding 04-30.**
		Completion Date:	October 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	45	Finding:	The Department of Social and Health Services, Mental Health Division, did not comply with federal requirements for independent peer reviews of the Community Mental Health Services Block Grant.
		Questioned Costs:	CFDA # 93.958 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	As of September 2006, the Department's Mental Health Division (MHD) revised the Mental Health Block Grant (MHBG) Policy (6.03) to include the requirement and execution of peer reviews related to Title V of the Public Health Service Act [42 U.S.C. 300x-1 et seq.] section 1943. Policy 6.03 now clearly defines and address each of the following: 1. For the fiscal year for which the grant involved is provided the State: • Provides 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 • Ensures that, in the conduct of such peer review, not fewer than 5 percent of the entities providing services in the State and are representative of the total population covered. 2. The State permits and cooperates with Federal investigations undertaken in accordance with section 1945 [Failure to Comply with Agreements]; and 3. The State provides to the Secretary of DSHS any data required pursuant to Section 505 and cooperates with others in the Department to develop uniform criteria for the collection of data pursuant to such section. The MHBG state planner coordinated with federal and other state planners to implement the policy and completed the independent peer review as of October 2006. **The condition noted in this finding was previously reported in finding 04-36.**
		Completion Date:	October 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	46	Finding:	The Department of Social and Health Services, Mental Health Division, is not complying with subrecipient monitoring requirements for the Community Mental Health Services Block Grant.
		Questioned Costs:	CFDA # 93.958 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	The Department's Mental Health Division (MHD) completed its review of open issues identified through its various monitoring activities in July 2006 and ensured that corrective action plans were implemented for each subrecipient receiving block grant funds. In October 2006, the Division revised contract requirements to ensure that reimbursement methods in each contract are in compliance with federal requirements and that appropriate supporting documentation is required before payments are made. MHD modified current contract language in October 2006 with non-tribal subrecipients requiring contractors to formally report to the MHD who they subcontract with and for what amounts. Additionally, the MHD requires, through contract language, that the contractor and their non-tribal subrecipients submit copies of any A-133 audits (other than those done by the State Auditor's Office (SAO)) to the MHD within 30 days of the completed audit report. MHD explored its legal authority to require Tribes to submit audit reports pursuant to their block grant contracts. It was found that these reports can be obtained from a central online repository. Federal audits submitted to MHD were reviewed for corrective action issues related to community mental health block grant funds, and MHDprovided follow-up as needed to verify action steps have been implemented. This was completed in October 2006. Staff are permanently assigned to monitoring block grant funds, including corrective action plans.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	46 (Cont'd)	MHD developed internal policies for addressing timely corrective action items related to non-SAO conducted federal audits in October 2006. **The condition noted in this finding was previously reported in finding 04-44.** Completion Date: October 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	47	Finding:	The Department of Community, Trade, and Economic Development did not comply with state and federal regulations when contracting for services paid with federal Low Income Home Energy Assistance Program funds.
		Questioned Costs:	CFDA # 93.568 — Amount $60,000
		Status:	Corrective action complete
		Corrective Action:	While the Department agrees that it did not comply with state laws and regulations related to personal services contracts, it did receive all the deliverables called for in the contracts. To address concerns raised by this finding, the Department hired a contracts specialist to develop contracting policies and procedures. The Department's draft policies and procedures require a review of requests to issue a contract. The review includes a determination of contract type and classification so that applicable regulations are identified and followed. The U.S. Department of Health and Human Services (HHS) reviewed the state auditor's report and the Department's corrective action plan, as shown above. In correspondence to the State of Washington dated November 20, 2006, HHS reported that they found the corrective action satisfactory and they waived the collection of non-monetary questioned costs.
		Completion Date:	June 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	48	Finding:	The Department of Community, Trade, and Economic Development, Energy Assistance Section, is not complying with subrecipient monitoring requirements for the Low Income Home Energy Assistance Program.
		Questioned Costs:	CFDA # 93.568 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	The Department has a comprehensive monitoring program that covers many programs including LIHEAP. The statewide network of subrecipients is assessed, reviewed and monitored, and the information is shared among all the Department's programs. In addition, the LIHEAP program has consolidated several policies, procedures and protocols into one comprehensive document. This will ensure better and more complete documentation of risk assessment and monitoring activities. Also, the risk assessment of all Community Action Agencies is being enhanced.
		Completion Date:	June 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	49	Finding:	The Department of Community, Trade, and Economic Development did not comply with earmarking requirements for the Low Income Home Energy Assistance Program.
		Questioned Costs:	CFDA # 93.568 — Amount $476,609
		Status:	No action taken
		Corrective Action:	The Department disagrees with the finding. The U.S. Department of Health and Human Services (HHS), by national formula, allocates LIHEAP funds to each state which includes an allocation to the state and a tribal set-aside. For at least the past eighteen years, the Department has used the total amount allocated to all Washington recipients as the basis for computing the maximum amount to be spent on the Weatherization Program. The calculation has been a part of the Annual Plan submitted to and approved by HHS. No Indian tribe in the state provides weatherization activities because the start-up costs are too expensive. Tribes use their allotment of LIHEAP funds solely for heating assistance. Tribal members receive weatherization assistance from the funds distributed to the Department's subrecipients for that purpose. The U.S. Department of Health and Human Services (HHS) reviewed the state auditor's report and the Department's corrective action plan, as shown above. In correspondence to the State of Washington dated November 20, 2006, HHS reported that they had reviewed the Annual Plan and found that the Department is in compliance with the plan's earmarking requirements. Thus, they waived the collection of questioned costs.
		Completion Date:	N/A

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	50	Finding:	Certain University departments' controls are not working effectively to ensure Time And Effort Certification forms are completed in a timely manner and to ensure monthly certification of salaries and wages paid for federal programs are completed as required.
		Questioned Costs:	CFDA # / Amount 93.389 / $0 93.866 93.846 93.837 93.864 93.866 93.856 93.859
		Status:	Corrective action in progress.
		Corrective Action:	Faculty Effort Certifications (FECs): The University is engaged in a variety of projects that will improve the timeliness of faculty effort certification. Those projects include mandatory training of all faculty receiving effort reports (concluded November 30, 2005). In addition, the University has enhanced its follow-up process to ensure FECs are certified in a timely manner. A formal process with escalating communication has been rolled out in an effort to ensure FECs are certified timely. Also, individual departments cited in this finding have strengthened their monitoring and follow-up processes. Finally, the University has begun a process that should replace the existing manual system with an electronic effort reporting and certification system. The University issued a formal Request for Information (RFI) and is currently preparing for vendor presentations as well as an assessment of cost and systems features for an internal build solution. A new system would include enhanced tracking and follow-up capabilities. A new system would include enhanced tracking and follow-up capabilities. Grant and Contract Certification Reports (GCCRs): The University has worked with departments on a campus wide basis and specifically with those cited in this finding to strengthen controls that ensure GCCRs are signed in a timely manner.
		Completion Date:	System changes are expected to extend over a 2-4 year period.

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	51	Finding:	The University did not submit financial status reports in a timely manner.
		Questioned Costs:	CFDA # / Amount Not Specified / $0
		Status:	Corrective action in progress
		Corrective Action:	Grant and Contract Accounting (GCA) experienced a 50% rate of turnover in the fiscal positions responsible for preparing Financial Status Reports (FSRs) in 2005. GCA is working aggressively to hire and train new staff so that FSRs can be submitted in a timely manner. GCA has been working diligently to staff vacant positions over the last several months. While it is hoped to have all relevant vacancies filled by December 31, 2006, training on preparation of FSRs will extend into 2007.
		Completion Date:	Spring 2007

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	52	Finding:	The Department of Community, Trade and Economic Development did not comply with federal requirements for suspension and debarment for the Home Investment Partnership Program.
		Questioned Costs:	CFDA # 14.239 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	The Housing Repairs and Rehabilitation Program (HRRP) now has signed certifications from all contractors acknowledging the suspension and debarment requirements, including the lower tier notifications. The Tenant Based Rental Assistance (TBRA) Program has included, in all existing contracts, the notification that sub-grantees also have responsibilities regarding suspension and debarment when they make further awards or vendor payments. The U.S. Department of Housing and Urban Development (HUD) reviewed the state auditor's report and the Department's corrective action plan, as shown above. In correspondence to the Department dated October 4, 2006, HUD reported that they found the corrective action satisfactory and consider the finding closed. **The condition noted in this finding was previously reported in finding 04-37.**
		Completion Date:	February 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	53	Finding:	The Department of Employment Security has inadequate internal controls over payments to claimants for unemployment insurance benefits.
		Questioned Costs:	CFDA # 17.225 — Amount $54,523
		Status:	Corrective action complete
		Corrective Action:	Employment Security has implemented the following corrective actions to address this finding: • Performing a weekly cross match with the Department of Labor and Industries to identify and investigate claimants receiving unemployment insurance and industrial insurance benefits concurrently. • Reprogrammed the Department's benefit system to eliminate improper payment of claimant's waiting week. • Continuing to ensure that Department procedures are followed so that pension benefit reductions are accurately calculated and estimated pensions are properly monitored and resolved. • Establishing and actively collecting benefit overpayments identified as a result of this audit. **The conditions noted in this finding were previously reported in finding 04-24.**
		Completion Date:	July 2005

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	54	Finding:	The Employment Security Department did not comply with federal requirements for suspension and debarment for the Workforce Investment Act and Unemployment Insurance programs.
		Questioned Costs:	CFDA # / Amount 17.258 – 17.260 / $0 17.225
		Status:	Corrective action complete
		Corrective Action:	The Employment Security Department has implemented the following corrective actions to address this finding: • Revised the general terms and conditions used for each grant and contract to include the appropriate language on suspension and debarment. • Including a separate certification in each contract to be signed by each contractor that they are in compliance with suspension and debarment requirements. • Including the appropriate revised general terms and conditions in all new grants and contracts.
		Completion Date:	March 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Military Department (MIL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	55	Finding:	The Military Department is not properly accounting for and safeguarding assets purchased by the National Guard Military Operations and Maintenance Projects Program.
		Questioned Costs:	CFDA # / Amount 12.401 / $0
		Status:	Corrective action complete
		Corrective Action:	The 2005 inventory of fixed assets is now completed and documented. An off year inventory was completed for state Fiscal Year 2006. All future inventories will be completed in accordance with state requirements. Ammunition is no longer shipped directly to, or stored at, a vendor's location. The inventory is counted by an individual with no direct responsibility for the assets subject to inventory. The Department's policy and procedures are in the process of being updated as necessary to ensure they meet the minimum requirements in the *State Administrative and Accounting Manual* for asset tracking. The Department has returned to using the Capital Asset Management System for tracking small and attractive items.
		Completion Date:	March 2007

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Military Department (MIL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	56	Finding:	The Military Department is not in compliance with subrecipient monitoring requirements for the State Domestic Preparedness Equipment Support Program.
		Questioned Costs:	CFDA # / Amount 16.007 / $1,486,473 97.004
		Status:	Corrective action in progress
		Corrective Action:	Additional requirements in the area of documenting subrecipient monitoring activities and recording audits were added to the Department's policy and procedures. Program specific policy and procedures are being developed and refined. Staff have received training on procedures and a division-wide monitoring schedule is being established. Starting September 30, 2006, program staff are reporting to management on a quarterly basis about the number of subrecipient monitoring visits/contacts made to date. Through subrecipient monitoring, the Department is incorporating equipment inventory tracking system reviews. As of July 1, 2006, additional language was incorporated into existing contracts via amendments and into new contracts to clearly explain equipment management protocols. The status of all 2004 federal single audits were determined and documented by September 30, 2006. The status of all 2005 federal single audits will be determined and documented by June 30, 2007. The action items related to this audit finding will be reviewed and reported on as a part of the Department's Government Management Accountability and Performance (GMAP) quarterly meetings.
		Completion Date:	Estimated June 2007

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Military Department (MIL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	57	Finding:	The Military Department was reimbursed for unallowable charges for the National Guard Military Operations and Maintenance Projects Program.
		Questioned Costs:	CFDA # 12.401 — Amount $24,939
		Status:	Corrective action complete
		Corrective Action:	The Department will not make another payment on an existing contract or execute another contract with a government entity for payment under the National Guard Military Operations and Maintenance Projects Program in the future that allows the ability to apply an indirect rate without first consulting with the National Guard Bureau (NGB). All missing receipts were located. Refunds for excessive travel reimbursements were received from employees and returned to NGB. Mandatory travel training was provided to all staff in the program area where the travel concerns originated. More diligence is being given to travel voucher review. The Department began using the Office of Financial Management's Travel Voucher System (TVS), which has built-in edits for the proper reimbursement of travel costs to the traveler.
		Completion Date:	June 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Ecology (ECY)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	58	Finding:	The Department of Ecology is not complying with subrecipient monitoring requirements for the Clean Water State Revolving Loan Funds Program.
		Questioned Costs:	CFDA # / Amount 66.458 / $0
		Status:	Corrective action complete
		Corrective Action:	The Department of Ecology's deputy director, chief financial officer, fiscal manager and senior financial advisor met with Water Quality (WQ) Program management team members on April 5, 2006, to discuss the audit finding and the corrective action plan and to emphasize the need to implement improvements in the subrecipient monitoring process in the regional and headquarters offices. The active workload spreadsheet used by staff in the WQ Program has been updated to handle dates and time frames for projects identified for increased oversight. WQ Program staff have developed new project tracking forms for progress reports and payment requests that will be kept in each project file. The Payment Request Tracking Form includes the reason/determination for increased oversight, effective dates, payment request processing dates, check boxes for meeting requirements, and the method in which the WQ financial manager verified costs. The Progress Report Tracking Form provides detail on progress reports received or not received and site visit dates and documentation. These forms will continue to be updated as needed. All corrective action was completed by April 14, 2006.
		Completion Date:	April 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Programs within the Departments of Social and Health Services (DSHS), Community, Trade and Economic Development (CTED), Military (MIL), Health (DOH), and Veterans' Affairs (DVA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	59	Finding:	The State of Washington is not complying with federal requirements for time and effort reporting for some of the programs it administers. **<u>Department of Social and Health Services</u>**
		Questioned Costs:	<u>CFDA #</u> <u>Amount</u> 16.523 $24,849 84.126 $101,618 • *Juvenile Accountability Block Grant*
		Status:	Corrective action complete
		Corrective Action:	The Department's Juvenile Rehabilitation Administration (JRA) implemented the Federal Compliance with Time Allocation/Certification requirement of the Department's Fiscal Policy 50.01 in February 2005. Semiannual certifications were completed for salaried and part-time employees for both the current period and the audit review period. JRA employees who work on multiple activities keep daily timesheets on their activities. JRA staff that work on single activities but with multiple funding sources complete the semiannual certifications. Due to the lidded federal funds available, JRA believes that staff working on single federal grant activity 100 percent of the time, such as those meeting the purpose areas of the federal Juvenile Accountability Block Grant, should only need to complete the semiannual certifications even though there may be multiple funding sources. Accordingly, beginning in Fiscal Year 2006, JRA began charging such staff fully to the Juvenile Accountability Block grant and these staff complete the semiannual certifications. **The condition noted in this finding was previously reported in finding 04-40.**
		Completion Date:	June 2006

Programs within the Departments of Social and Health Services (DSHS), Community, Trade and Economic Development (CTED), Military (MIL), Health (DOH), and Veterans' Affairs (DVA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	59 (Cont'd)	• *Rehabilitation Services Vocational Grants to the States* Status: Corrective Action Complete The auditor identified a number of positions charged to Division of Vocational Rehabilitation (DVR) during Fiscal Year 2005. These positions belonged to other divisions of the agency. By 2006, three of the individuals had left the agency, one was no longer charged to DVR, and the Office of Accounting Services (OAS) has received the required semiannual certifications for the five remaining staff for the period October 1st through March 31st, 2006. The Department continues to require semiannual certification. The Department has implemented a policy that addresses muliti-coded positions. The policy establishes responsibility and requirements for verifying the allocation of funds to these positions. DVR has established additional steps to monitor positions partially coded to their program. In addition, OAS continually works with the Department's administrations to raise awareness of the policy requirements for split-coded positions. Additional training on this policy will continue to be provided in Fiscal Year 2007. **The condition noted in this finding was previously reported in finding 04-39.** Completion Date: June 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Programs within the Departments of Social and Health Services (DSHS), Community, Trade and Economic Development (CTED), Military (MIL), Health (DOH), and Veterans' Affairs (DVA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	59 (Cont'd)	Finding:	The State of Washington is not complying with federal requirements for time and effort reporting for some of the programs it administers.
			Department of Community, Trade and Economic Development
		Questioned Costs:	CFDA # 93.568 — Amount $16,843
		Status:	Corrective action complete
		Corrective Action:	Immediately upon being notified of this issue, the Department: 1) Re-focused resources to implement tighter controls over the review and approval of journal voucher entries, and 2) Identified procedures to ensure all corrections of salaries and benefits include the necessary corrections to employee timesheets. The U.S. Department of Health and Human Services (HHS) reviewed the state auditor's report and the Department's corrective action plan, as shown above. In correspondence to the State of Washington dated November 20, 2006, HHS reported that they found the corrective action satisfactory and they waived the collection of non-monetary questioned costs. **The condition noted in this finding was previously reported in finding 04-38.**
		Completion Date:	December 2005

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Programs within the Departments of Social and Health Services (DSHS), Community, Trade and Economic Development (CTED), Military (MIL), Health (DOH), and Veterans' Affairs (DVA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	59 (Cont'd)	Finding:	The State of Washington is not complying with federal requirements for time and effort reporting for some of the programs it administers.
			Military Department
		Questioned Costs:	CFDA # / Amount 12.401 / $217,630 16.007, 97.004 / $353,000
		Status:	Corrective action complete
		Corrective Action:	The Department's time and effort policy and procedures were corrected and reissued August 2, 2006. Starting April 1, 2006, all employees who were incorrectly using certificates began submitting timesheets recording actual time. Certificates for employees who are only charged to a single federal grant will be requested and completed in a timely manner every quarter. The action items related to this audit finding will be reviewed and reported on as a part of the Department's Government Management Accountability and Performance (GMAP) quarterly meetings. **The condition noted in this finding was previously reported in finding 04-41.**
		Completion Date:	August 2006

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Programs within the Departments of Social and Health Services (DSHS), Community, Trade and Economic Development (CTED), Military (MIL), Health (DOH), and Veterans' Affairs (DVA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	59 (Cont'd)	Finding:	The State of Washington is not complying with federal requirements for time and effort reporting for some of the programs it administers.
			Department of Health
		Questioned Costs:	CFDA # / Amount 10.557 / $0 93.268 93.283
		Status:	Corrective action in progress
		Corrective Action:	The Department informed relevant program managers of the necessity of completing semiannual certifications for those employees whose salary expenditures are charged against federal grants. The most recent audit of the Department revealed that one program still had not completed its semiannual certifications for state Fiscal Year 2006. Subsequent to the Fiscal Year 2006 audit, the Department's internal auditor met with the relevant program manager and recommended changes to the certification process in order to enhance timely reporting. These changes have been adopted by the program.
		Completion Date:	Estimated March 2007

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Programs within the Departments of Social and Health Services (DSHS), Community, Trade and Economic Development (CTED), Military (MIL), Health (DOH), and Veterans' Affairs (DVA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	59 (Cont'd)	Finding:	The State of Washington is not complying with federal requirements for time and effort reporting for some of the programs it administers.
			Department of Veterans' Affairs
		Questioned Costs:	CFDA # 64.005 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	The personnel charges in question were included as administrative costs in the project budget approved by the grantor, but not listed as specific line items with a schedule-driven spending plan. The total charges to the grant did not exceed the approved budget totals and are supported by calendar records. DVA implemented an agency administrative procedure to ensure documentation of time and effort charged to any future federal grants complies with the accounting requirements specified in the federal Office of Management and Budget's Circular A-87, Attachment B 8.h.(5).
		Completion Date:	April 2006

Department of Social and Health Services (DSHS) / Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	01	Finding: The Department of Social and Health Services and the Health Care Authority did not provide the State Auditor's Office with records and resources needed to audit the Medicaid Program in a timely manner as required by Government Auditing Standards and federal regulations. Questioned Costs: CFDA # 93.778 — Amount: Not specified due to disclaimer of entire program. Status: Corrective action complete Corrective Action: **DSHS Comments** The Department of Social and Health Services (DSHS) has taken several steps to ensure a more productive working relationship with the State Auditor's Office (SAO) in which requests for data are responded to in a timely manner and SAO auditors have required access to DSHS staff. Those steps include: • Senior management from the DSHS, SAO and the Office of Financial Management (OFM), (acting grantee for the statewide single audit) now attend monthly update meetings to immediately resolve issues identified by either agency. • Entrance conferences have been scheduled to provide an overview of the SAO work, clarify points of contact, and establish working protocols for data collection and access to DSHS staff. • DSHS has established and identified administration liaisons through which SAO can communicate, on a day-to-day basis, requests for data, scheduling access to staff, and/or arranging on-site visits, as needed. A second tier contact in the DSHS Office of Operations Review exists for issue resolution by either party. DSHS liaisons and the Office of Operations Review staff's role are to ensure open and transparent access to the organization. • Employees are instructed to respond with SAO staff requests for data in a timely manner; be available to explain Department records, documents, and reports to the auditors; and interact with SAO staff in a professional manner.

Department of Social and Health Services (DSHS) / Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	01 (Cont'd)	**HCA Comments** The HCA supplied the records the SAO requested. HCA had no way of knowing what HCA data the SAO had requested of DSHS for audit purposes and therefore was not in a position to determine if the records requested and provided would meet the auditor's needs The HCA has noted improved communications with the SAO and are hopeful the communications breakdown which occurred in Fiscal Year 2004, will not be repeated in the future. Completion Date: December 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	02	Finding:	The Department of Social and Health Services, Medical Assistance Administration, did not provide the State Auditor's Office sufficient, reliable and timely records for our audit to determine if payments through the *Medicaid Management Information System* are made only for services provided before a client's date of death.
		Questioned Costs:	CFDA # / Amount 93.778 / $2,335,216
		Status:	Refer to finding 05-15
		Corrective Action:	The Department disagrees with the specific finding above and believes it made adequate efforts to provide timely access to accurate data/information, and to assist the auditor by performing Social Security Number (SSN) verifications as requested. However, the Department also recognizes that poor communication and misunderstandings were contributing factors to this finding. The Department has committed to improve its working relationship with the auditors throughout the coming audit year and to resolve any discrepancies or complaints as they occur. In the 2005 audit, the auditors have been given access to the Medicaid Management Information System (MMIS) system and the Department of Health (DOH) death database. The Department is also working to correct any weakness or inaccuracy in the process used to verify SSNs in the Automated Client Eligibility System (ACES). The Department convened a workgroup to review options to enhance established procedures related to verification of SSN in ACES. This group is ongoing. A review of the automated SSN verification of ACES entry was completed on February 4, 2005. In addition, the Department has enhanced procedures, including modifying the interface with the federal database to update nightly, and updating income and Medicare eligibility daily. The State Online Query (SOLQ) user interface is being modified to make it easier for staff to do multiple queries without exiting the system. This change was implementation in April 2006.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	02 (Cont'd)	Corrective Action:	ACES will continue to be the system that maintains data on dates of death and SSNs. MMIS will accept ACES data; the focus of the Department's efforts will be to ensure that ACES data is correct. Health and Recovery Services Administration (HRSA) (formerly the Medical Assistance Administration) and Economic Services Administration (ESA) have partnered on a data analysis initiative to verify how SSNs are utilized in ACES and MMIS and assure that Medicaid clients are identified with the appropriate SSN. This was initiated in July 2005. • In September 2005, using DOH death data, HRSA began identifying any clients with an MMIS SSN appearing in the DOH death data file. HRSA researches clients in ACES and SOLQ to determine reasons why the SSN was utilized; • ESA develops and implements corrective action as appropriate. • The process is repeated with each quarterly DOH death data update to assure that the MMIS client file does not contain a SSN of a deceased individual. Economic Services Administration will update the client application to notify potential enrollees of the new state statute related to false identification. In cases where the client is deceased, the Department: 1. Continues post-pay review (PRP) utilizing quarterly DOH death data. Identifying and recouping appropriate claims, and enter accurate death dates into the MMIS; 2. Partners with DOH in their efforts to develop an on-line interface to DOH death data. DOH piloted the interface in Pierce and Spokane Counties. Once the county on-line interface is complete, DOH will implement a statewide interface for the Department. DOH has indicated that their online application may not be available for several years. The lag in DOH receipt of death data will require PRP to continue; and 3. Will partner with DOH for implementation of an automated DOH interface to the new MMIS. This is scheduled for implementation once the new MMIS is in place, in February 2008. Even with this automated interface, post payment review will continue. The Department disagrees with stated questioned costs. As the Department identifies claims paid after a client's death, overpayment notices are sent to providers, the claim is returned to the Department and the federal portion is refunded.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	02 (Cont'd)	Corrective Action:	Paid pharmacy claims data (7/1/02 – 12/31/02) was delivered to the Centers for Medicare and Medicaid Services (CMS) in June 2005. This was the same data delivered to SAO for the 2003 Audit. In addition, DSHS delivered Department of Health Death Data to CMS: CMS identified some SSNs from the DOH Death Data as belonging to deceased individuals. DSHS completed an analysis of the CMS review and identified: 1. Valid SSNs and services/claims paid after the Date of Death. Overpayments are referenced on the February 2006, CMS 64 Report as associated with this audit and will be recouped from providers. The post payment algorithm was enhanced as a result of this review, to assure that these claims are identified in the regular post-payment review process; 2. Incorrect SSNs that were corrected and clients that were verified as not deceased. CMS agreed that these claims were paid correctly; 3. Claims where the SSN belonged to the deceased relative of the client. Individuals may receive SSA benefits based on a relative's benefits – the SSN is incorrectly interfaced to MMIS but CMS agreed that, upon verification of the identity of the client, claims were correctly paid. A joint ESA/HRSA Workgroup has been initiated to identify specific actions that can be taken to correct these errors.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-15.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	03	Finding: The Department of Social and Health Services paid providers with Medicaid funds through the Social Services Payment System for services provided to clients using Social Security numbers belonging to deceased persons. Questioned Costs: CFDA # 93.778 — Amount $815,953. Status: Refer to finding 05-28 Corrective Action: Social Security Number (SSN) verification for Medicaid clients occurs in the Medicaid eligibility system, the Automated Client Eligibility System (ACES); not in the Social Services Payment System (SSPS), which is a vendor payment system. The ACES eligibility system is an appropriate source from which to sample client/case identifiers to be matched to payment records in SSPS. Washington Administrative Code (WAC 388-476-0005) defines the Department's current SSN requirements for medical eligibility, and can be found in the DSHS A-Z Manual at http://www1.dshs.wa.gov/esa/EAZManual/Sections/SSN.htm. Section 3 states "Assistance will not be delayed, denied or terminated pending the issuance of a SSN by the Social Security Administration (SSA). However, a person who does not comply with these requirements is not eligible for assistance" Verification procedures are described under the section titled "Clarifying Information." SSN's are automatically verified through a cross-match with the SSA Numident file, once the data is entered in ACES. Section 3 under "Clarifying Information" states "If a current and valid SSN is not available, the department is responsible to assist a client in making an application for a SSN." SSN discrepancies identified in the cross-match process with the Numident file generate alerts to the workers as described in the ACES User Manual at http://www1.dshs.wa.gov/esa/acesman/Sections/alerts/alert_188.htm. Alert _253 describes alerts to workers when there is a SSN discrepancy in State Data Exchange (SDX), Beneficiary Data Exchange System (BENDEX) or Numident.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	03 (Cont'd)	Corrective Action:	When the Home and Community Services Quality Assurance Unit reviews client files to confirm financial eligibility, they check to see that the SSN recorded in SSPS is the same as the SSN recorded in ACES. They report discrepancies, using ACES as the correct record of the SSN. Existing field procedures described above are sufficient to identify the rare instances where someone is trying to receive a service intended for a deceased client. On June 2, 2005, the Aging and Disability Services Administration (ADSA) issued a management bulletin to all staff with a copy of RCW 9.35.02. The statute defines identity theft in the first degree, and the management bulletin instructed staff on reporting instances of apparent identity theft to the Division of Fraud Investigations. ADSA participates in the Payment Review Program process and the development and implementation of algorithms designed to capture payments made for services after death. These algorithms are re-run quarterly and findings referred to the Office of Financial Recovery or the Medicaid Fraud Control Unit for recovery action. ADSA has reviewed all cases identified by the auditors and referred any identity theft cases to the Division of Fraud Investigations for eventual referral to appropriate legal authorities. As of June 2005, all reviews of cases were completed, discrepancies resolved, and no cases of identity theft were found. The eligibility and verification requirements and procedures identified above meet U.S Department of Health and Human Services (HHS) requirements for Medicaid eligibility. The Department will work with HHS if any unallowable costs are identified.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-28.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	04	Finding: The Department of Social and Health Services paid providers with Medicaid funds through the *Social Services Payment System* for services performed after the date of death. Questioned Costs: CFDA # 93.778 — Amount $36,827 Status: Refer to finding 05-28 Corrective Action: Social Security Number (SSN) verification for Medicaid clients occurs in the Medicaid eligibility system, the Automated Client Eligibility System (ACES); not in the Social Services Payment System (SSPS), which is a vendor payment system. The ACES eligibility system is an appropriate source from which to sample client/case identifiers to be matched to payment records in SSPS. The Department receives notice of a client's death through its ACES nightly Social Security Administration interfaces with the State Data Exchange (SDX) and the Beneficiary Data Exchange (BENDEX). The BENDEX interface with ACES provides an alert to staff that shows they are deleting the client file due to death. The SDX interface with ACES provides an alert to staff that gives the date of death. The alert is described in the ACES User Manual at: http://www1.dshs.wa.gov/esa/acesman/Sections/alerts/alert_253.htm. The Aging and Disability Services Administration (ADSA) has access to Department of Health (DOH) online information on certificates of death. ADSA followed up with ACES to determine the feasibility of establishing a DOH interface. DOH data is available on compact disk, and is a minimum of four months old. DOH piloted an on-line interface in Pierce and Spokane Counties. Once the county on-line interface is complete, DOH will implement a statewide interface for the Department. DOH has indicated that their on-line application may not be available for several years. When the DOH interface is completed, the Health & Recovery Services Administration will write an ACES interface to have the update included in ACES.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	04 (Cont'd)	Corrective Action:	ADSA funds and actively participates in the department's Payment Review Program (PRP) process and the development and implementation of algorithms designed to capture payments made for services after death. This algorithm is re-run quarterly and findings referred to the Office of Financial Recovery or the Medicaid Fraud Control Unit for recovery. The PRP was provided with the entire list of cases identified by the auditor. The PRP staff completed their review in April 2005 with no additional refinements to the algorithm.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-28.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	05	Finding:	The Department of Social and Health Services, Medical Assistance Administration, did not provide the State Auditor's Office reliable, timely records for our audit of services provided to undocumented aliens.
		Questioned Costs:	CFDA # 93.778 — Amount $5,551,377
		Status:	Refer to finding 05-08
		Corrective Action:	The Department disagrees with the finding believing that it delivered reliable, timely records for the audit. The Department also feels that system issues and the complexity of federal laws related to undocumented aliens were the primary sources of the problems encountered by the auditors. The Department is committed to repairing past misunderstandings and miscommunications by proactively making sure that complaints and disputes are resolved quickly and effectively when they occur during current and future audits. On December 15, 2004, the Health and Recovery Services Administration (HRSA) (formerly the Medical Assistance Administration) instituted a transitional policy to review federal rules governing services for undocumented aliens for clarity and to re-examine the Department's past interpretation of these rules. Earlier, in May 2004, HRSA had established workgroups to research policies in other states and to recommend changes in Washington procedures by the end of 2005. On May 17, 2005, a new policy regarding providing services under the Alien Emergency Program (AEM) was proposed to HRSA leadership. The policy limits coverage to certain diagnoses and services and requires that any service provided be causally related to the emergency condition allowing coverage. Prior authorization of services was proposed to ensure compliance with the policy. The policy was finalized in December 2005.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	05 (Cont'd)	Corrective Action:	The Centers for Medicare and Medicaid Services (CMS) notified the Department in May 2005 that the last three quarters of alien emergency medical payments would be deferred until the payments were justified by the state. The Department submitted documentation to CMS of the AEM payments that conform to the new policy in place. **The conditions noted in this finding were previously reported in finding 03-08.**
		Completion Date:	This condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-08

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	07	Finding:	The Health Care Authority and the Department of Social and Health Services, Medical Assistance Administration, did not provide the State Auditor's Office with the records needed to audit the Basic Health Plus Program as part of Medicaid
		Questioned Costs:	CFDA # / Amount 93.778 / Not specified, due to disclaimer of entire program.
		Status:	Refer to finding 05-10
		Corrective Action:	The Department disagrees with this finding since these records are the responsibility of the State Health Care Authority (HCA) and the Department properly relayed the auditor's request to that agency. The Department has coordinated with the Health Care Authority (HCA) and believes this misunderstanding has now been resolved. DSHS also has worked cooperatively with the federal Centers for Medicare and Medicaid Services (CMS), which verified it would not pursue any overpayment of Medicaid dollars as a result of this finding. Medical Assistance Administration (MAA) has raised the standards for achieving quotas in eligibility reviews. The Department has implemented procedures to ensure that the required number of reviews is completed. This was completed February 2004 The Department has investigated the auditor's suggestion that it use the monthly reports from HCA on which subscribers have been disenrolled from Basic Health due to non-compliance with the re-certification process. These records do not appear to serve any useful function for MAA, since the Basic Health subscriber is the parent in the Basic Health household, and their disenrollment would not affect the Basic Health Plus child's Medicaid eligibility. However, HCA does send the Department individual change notices that are acted upon in accordance with existing Medicaid policies. MAA will continue to monitor those notices and ensure changes that result in a child leaving the Medicaid caseload are acted upon immediately.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	07 (Cont'd)	Corrective Action:	Similarly, MAA investigated potential further use of Department of Employment Security (ESD) quarterly income data but found it does not provide the complete information for determining eligibility. The ESD information also is not current and does not necessarily represent the household's actual earned income in the month of review. In addition, the household may have had allowable deductions that would be applied to the gross earned income, e.g., childcare and work expenses. Similar caveats apply to self-employed households and income changes. Department staff will continue to follow procedures for these areas as provided in the EA-Z manual. **The conditions noted in this finding were previously reported in finding 03-12.**
		Completion Date:	This finding was repeated in the Fiscal year 2005 Washington Single Audit. Refer to finding 05-10.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	08	Finding:	The Department of Social and Health Services, Medical Assistance Administration, did not provide the State Auditor's Office reliable, timely records for our audit of Proshare services.
		Questioned Costs:	CFDA # 93.778 — Amount $38,206,440
		Status:	The original 2004 Corrective Action Plan reported no action to be taken. Subsequently in 2005, DSHS initiated corrective action described below. The corrective action is complete
		Corrective Action:	The Department disagrees with this finding. The Department believes that it did provide all requested information, although it agrees that the program was not well documented in the Medicaid State Plan. It is important to note that the ProShare Inter-governmental Transfer program was phased out pursuant to an agreement between Washington State and the federal Department of Human and Health Services as of June 30, 2005. Authorization of the program phaseout was confirmed with the Centers for Medicare and Medicaid Services (CMS) staff during the audit. A new Upper Payment Limit program replaced the old Proshare program in 2005. The new program allows for payments to public hospitals with nursing homes, not to exceed to the facilities' costs, matched with certified public expenditures. The new program will be placed into the Medicaid State Plan. The Aging and Disability Services Administration submitted a State Plan Amendment to CMS on July 25, 2005, that includes the new Upper Payment Limit program for public nursing homes. Following review of the proposed amendment, CMS approved the Department's State Plan Amendment in October 2006. Status of questioned costs remains to be determined.
		Completion Date:	This finding was repeated in the Fiscal year 2005 Washington Single Audit. Refer to finding 05-22.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	09	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration, did not provide the State Auditor's Office with timely records we needed to determine if Medicaid payments are made only to nursing homes meeting federal health and safety standards.
		Questioned Costs:	CFDA # / Amount 93.778 / Not specified, due to disclaimer of entire program.
		Status:	Corrective action complete
		Corrective Action:	The Department disagrees with this finding. The information needed to complete this audit comes directly from the Centers for Medicare and Medicaid Services (CMS). The information available through the Aging and Disabilities Services Administration (ADSA) cannot be used to determine a payment decision made by CMS. CMS makes payment decisions on nursing homes that are out of compliance with health and safety standards. The process begins when ADSA recommends to CMS that they impose the Denial of Payment for New Admissions remedy. CMS reviews the data supplied by ADSA. If CMS agrees the ADSA's recommendations, CMS communicates the denial of payment decisions directly to the Medical Assistance Administration. ADSA has taken steps to improve working relations with the State Auditor's Office (SAO) staff. ADSA provided training on February 24, 2005, to regional administrators, field managers, and key headquarter staff regarding the need to provide timely access to the information and resources SAO needs to complete its audits and ensure staff understand the role of independent audits. **The condition noted in this finding was previously reported in finding 03-13.**
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-27.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	11	Finding:	The Department of Social and Health Services, Medical Assistance Administration, is not complying with federal regulations that require people receiving Medicaid payments to have valid Social Security numbers.
		Questioned Costs:	CFDA # 93.778 — Amount $11,002,039
		Status:	The original 2004 Corrective Action Plan reported no action to be taken. Subsequently in 2005, DSHS initiated corrective action described below. The latest corrective action remains in progress.
		Corrective Action:	The Department does not agree that Social Security numbers (SSN) are required for every record in the Medical Management Information System (MMIS). Washington Administrative Code 388-476-0005 outlines SSN requirements for cash, medical and food assistance benefits. It should be noted that there are exceptions to the SSN requirement, including alien emergency programs, refugee assistance and detoxification services. The Department is addressing previously identified deficiencies and is working to improve SSN accuracy within MMIS. In response to the 2003 finding, the Department convened a workgroup to review options for enhancing established procedures related to verification of SSN in the Automated Client Eligibility System (ACES). A modification was made to the ACES-Federal interface in April 2005 to use State Data Exchange/Wire Third Party Query (WTPY) for SSN verification on a nightly basis. A cross-agency workgroup was established in November 2004 to review and assess interface issues, provide recommendations, and work with the new vendor of the new MMIS to develop a new ACES/MMIS interface. The workgroup will continue to meet regularly until the new MMIS is implemented in February 2008.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	11 (Cont'd)		The Department's Operations Review and Consultation (ORC) unit conducted a study on the use of SSNs at the request of the Health and Recovery Services Administration (HRSA) (formerly the Medical Assistance Administration), the Economic Services Administration (ESA) and the Aging and Disability Services Administration (ADSA). ORC documented criteria for the use of SSNs in determining eligibility for the Department of Social & Health Services programs. In addition, ORC provided a narrative and flow chart describing how SSNs are used in these programs once eligibility has been determined. The report was completed in November 2005. This was the initial step toward developing a comprehensive agency approach to the SSN issue.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-20.

Department of Social and Health Services (DSHS) / Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	12	Finding: The Department of Health and the Department of Social and Health Services, Medical Assistance Administration, are not complying with state law or the provisions of the Medicaid State Plan that help to ensure compliance with health and safety standards for hospitals. Questioned Costs: CFDA # 93.778 — Amount N/A Status: Corrective action complete Corrective Action: DSHS Comments The DSHS disagrees with the timing of this finding. The DSHS filed an amendment to the state plan with the Center for Medicare and Medicaid Services, which was approved November 1, 2004, and made effective retroactive to July 2004. The amendment was effective prior to the completion of the fieldwork for the FY04 Federal Single Audit. The DSHS worked with the Department of Health to update the current Memorandum of Understanding (MOU) to include all provisions required by law. The MOU was completed December 1, 2005. DOH Comments The DOH successfully sought new state legislation regarding hospital inspections. HB 1533 passed the Legislature April 18, 2005 and was signed by Governor Gregoire on May 13, 2005. The bill became effective July 24, 2005. The bill states "The department shall make or cause to be made an inspection of hospitals on average at least every eighteen months." This change will enable the DOH to complete hospital inspections within the required time frames. The DOH collaborated with the DSHS to update and clarify the current memorandum of understanding (MOU) to include all provisions required by law. In conjunction with this effort, the DOH updated its survey documentation to ensure that it meets federal requirements. This process was completed in December 2005. **The condition noted in this finding was previously reported in finding 02-11.** Completion Date: December 2005

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	13	Finding: The Department of Social and Health Services, Medical Assistance Administration does not ensure that providers of motorized wheelchairs have the documentation required to substantiate claims for payment. Questioned Costs: CFDA # 93.778 — Amount $57,641 Status: Refer to finding 05-23 Corrective Action: The Department disagrees with this finding Health and Recovery Services Administration (HRSA) (formerly the Medical Assistance Administration) currently reviews Medicaid-only requests for wheelchairs through a prior authorization process, and files are kept at HRSA headquarters. Since these claims were paid as a Medicare crossover, the Department feels that the suppliers met their documentation and billing requirements as defined by Medicare as a primary payer and Medicaid as a secondary payer. There is no length-of-need requirement in federal guidelines. The eligibility requirements cited by the auditor, with regard to length-of-need, are self-imposed rules of the Washington Administrative Code, not federal rules. The auditor appears to be recommending a prior authorization or post-pay process be developed for dual-eligible clients as well as Medicaid-only clients. Given limited post pay review resources, the Department has assessed whether the cost of this prior authorization activity would be offset by the benefit. Due to the low total reimbursement and low per claim reimbursement for automatic wheelchair crossover claims, the Department has determined that post pay review is not cost beneficial.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	13 (Cont'd)	Corrective Action:	The Department amended the rule governing payment of claims for wheelchairs for enrollees who are also eligible for Medicare to reflect the dependence on Medicare claims review, effective December 1, 2005.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-23.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	14	Finding:	The Department of Social and Health Services, Medical Assistance Administration does not perform adequate reviews of providers of durable medical equipment to ensure the providers exist, are properly licensed, and have submitted accurate information.
		Questioned Costs:	CFDA # 93.778 — Amount N/A
		Status:	Corrective action in progress
		Corrective Action:	The Department believes exit policies and procedures in its reviews of providers are sufficient to ensure adequate provider verification. Health and Recovery Services Administration (HRSA) (formerly the Medical Assistance Administration) currently verifies business licenses and tax identification numbers and runs the names of these providers against a national provider fraud database. To strengthen the review of ongoing provider validity, the Department is working with investigative staff in the agency to leverage existing resources for site visits and on-site reviews of providers. (See below) The Department is procuring a new Medicaid Management Information System (MMIS) that will have the ability to verify both business and professional licenses and identify expired business licenses. Implementation of the new MMIS is scheduled in February 2008. The Department partnered with the Department of Health to develop a verification system that can check providers' site locations and phone numbers through a reverse directory search. This research, including cost estimates and justification for the new system, was completed in June 2005. The Department found it not cost effective to develop the verification system. Instead, the Attorney General's Medicaid Fraud Control Unit and the Department's Division of Fraud Investigations conduct site reviews when in the field.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	14 (Cont'd)	Corrective Action:	The Department also explored a system for ongoing review and confirmation of provider licenses with the Department of Revenue. The system development was determined to be ineffective when cost of development was compared to cost reductions.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-14.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	18	Finding:	The Department of Social and Health Services, Health and Rehabilitative Services Administration is not in compliance with the federal Medicaid requirements for reporting on adult victims of residential abuse.
		Questioned Costs:	CFDA # 93.778 — Amount N/A
		Status:	Refer to finding 05-13
		Corrective Action:	The Health and Rehabilitative Services Administration (HRSA) is composed of three major divisions. Two of the divisions, the Division of Alcohol and Substance Abuse (DASA) and the Mental Health Division (MHD) were involved in this finding. The DASA revised it own internal policies on reporting of information received by DASA regarding the abuse, neglect, or financial exploitation of a Medicaid client (to appropriate organizations including the Medicaid Fraud Control Unit (MFCU) within the Attorney General's Office). DASA' revision expanded and clarified issues in the area of patient confidentiality to meet federal requirements (June 2005) The MHD revised policy and initiated and implemented policies and procedures supporting the DSHS agency wide policy. Western State Hospital and Eastern State Hospital included a statement in their patient abuse policies that the MFCU will be notified of any patient abuse, neglect, and/or financial exploitation. (October 2005). Employees of both institutions were provided training on the implementation of the revised policies.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-13.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	20	Finding:	The Department of Social and Health Services, Medical Assistance Administration has not established sufficient internal controls to ensure that rates paid to its Healthy Options managed care providers are based on accurate data.
		Questioned Costs:	CFDA # 93.778 — Amount N/A
		Status:	Refer to finding 05-21
		Corrective Action:	The auditor found that the Department does not monitor fee-for-service data to ensure that the data is correct, that up-coding is not present, and that the fee-for-service costs compare to managed care costs. The Department disagrees with this finding, since fee-for-service data is not used to calculate managed care rates and fee-for-service expenditures cannot be compared to managed care costs due to the differences in the managed care versus fee-for-service populations. The auditor recommended that the Department provide regular reports to the federal funding agency documenting improvements to the rate setting process. The Department considered itself in compliance with the Centers for Medicare and Medicaid Services (CMS) regulations requiring progress reports. The Department is monitoring managed care plans to ensure that procedures are in place to monitor provider encounter reporting. The auditor found that the Department did not submit progress reports to the federal funding agency documenting its efforts to improve data quality. In August 2004, the Department submitted the proposed Healthy Options rate setting process to CMS for approval. On April 4, 2005, CMS responded to the proposed rate setting process indicating that the rate setting process was acceptable for actuarial soundness requirements, but failed to comply with federal regulations regarding encounter data reporting. CMS asked DSHS to submit an encounter data improvement plan by May 15.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	20 (Cont'd)	Corrective Action:	The Department submitted the additional information to CMS on May 18, 2005. Subsequently, Department officials met with CMS and reached an agreement to consider the improvement plan in two parts: 1) Setting of actuarially sound rates CMS agreed in principle that the proposed rate setting modification met the intent of 42 CFR 438. Healthy Options rates for 2006 were approved in November 2005 by CMS. 2) Encounter data improvement. Discussions with CMS led to an agreed upon encounter data improvement plan. DSHS began implementation of the plan in October 2005 and completed improvements in December 2005. Use of actual cost data for rate setting will be implemented with the new Medicaid Management Information System in February 2008. **The condition noted in this finding was previously reported in finding 03-17.**
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-21.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	21	Finding:	The Department of Social and Health Services, Medical Assistance Administration, is not complying with federal requirements to report Medicaid expenditures properly.
		Questioned Costs:	CFDA # 93.778 — Amount N/A
		Status:	Corrective action complete
		Corrective Action:	The Department disagrees with this finding as applied to 2004. As a result of an audit finding from SFY 2003, the Health and Recovery Services Administration (HRSA) (formerly the Medical Assistance Administration) reported expenditures for undocumented aliens on the Center for Medicare and Medicaid Services (CMS) 64 report, effective April 1, 2004. The State Fiscal Year 2004 audit should reflect all activities from July 1, 2003, through June 30, 2004. On at least two separate occasions, HRSA advised the auditor that it had established appropriate coding to report this line item effective April 2004. The Department has set up, effective June 18, 2004, specific account coding in the Agency Financial Reporting System (H1188) to be used for AEM expenditures and currently uses this coding to report these expenditures on line 27 of the CMS-64 Form, which is filed quarterly. Currently HRSA runs a query on a quarterly basis of the Automated Client Eligibility System to identify all clients with a medical eligibility code of “2” and sends the Office of Accounting Services an adjustment to move the expenditures associated with these clients to the coding that has been set up to identify them as AEM.
		Completion Date:	August 2005

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	22	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration, does not have sufficient internal controls to ensure it is complying with both subrecipient monitoring and matching requirements for the Medicaid Program.
		Questioned Costs:	CFDA # 93.778 — Amount N/A
		Status:	Corrective action complete
		Corrective Action:	The Department initiated scheduling of on-site monitoring visits with all Area Agencies on Aging, starting in April 2005. Risk assessments were completed prior to each on-site visit to determine the degree of monitoring performed. The monitoring visits included review of all Skilled Professional Medical Personnel charges, verification that staffs were working for the agency, and verification of required match for federal funds. Supporting documentation for reimbursement requests was reviewed during the on-site monitoring visits. As of March 2006, all 13 AAAs received monitoring visits. Reports regarding the monitoring visits were submitted to management.
		Completion Date:	March 2006

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	23	Finding:	The Department of Social and Health Services, Economic Services Administration, should improve compliance with eligibility requirements for the Temporary Assistance for Needy Families Program (TANF).
		Questioned Costs:	CFDA # 93.558 — Amount $40,840
		Status:	Refer to finding 05-36
		Corrective Action:	Social Security numbers (SSNs) are, and will continue to be, matched and verified by searching Social Security Administration's (SSA) databases. Changes were made to the electronic interface between the Department and SSA to provide a broader search of SSA's databases. Field staffs were trained on the improved capabilities to identify, investigate and resolve invalid numbers. As of February 2005, staffs were trained to ensure TANF recipients do not receive benefits from more than one assistance unit. The Community Services Division continues to process overpayment recovery actions on those cases found to be in error. The Division of Management Resources and Services has initiated a change to the Automated Client Eligibility System that will allow staff to query the State Online Query System (SOLQ) easily at the time of determining eligibility. The programming changes were implemented in April 2006. Staffs were trained on use of the SOLQ upgrades at that time. **The condition noted in this finding was previously reported in finding 03-19.**
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-36.

Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	24	Finding:	The Department of Employment Security paid at least $142,847 in unemployment insurance benefits to claimants who were not eligible. The Department also overpaid and underpaid eligible claimants by $18,873 and $5,150, respectively. In addition, we estimated that payments totaling more than $185,000 were made to claimants during their first week of unemployment, which is prohibited by state law.
		Questioned Costs:	CFDA # / Amount 17.225 / $0
		Status:	Corrective action complete
		Corrective Action:	The Employment Security Department continues to perform extensive cross matches, data mining and other fraud prevention and detection efforts for the Unemployment Insurance (UI) program. This includes a cross match with the Social Security Administration. These processes should reduce or eliminate payments to individuals using invalid social security numbers or numbers belonging to the deceased. Agency staff have developed a weekly Unemployment Insurance/Labor and Industries (L&I) cross match designed to immediately identify those claimants who have filed for and are receiving both UI and workers compensation benefits simultaneously. Agency staff will continue to work the system-generated report and establish procedures to eliminate overpayment and fraud activity. The agency is also working with the Department of Labor and Industries to improve coordination and communication when back pay awards of workers compensation benefits occur. To address issues related to proper payment of benefits to claimants receiving pensions, the agency has updated pension deduction charts with percentages to be used by each pension type. Also, additional training has been provided to staff to ensure accuracy of pension deductions. Agency staff has implemented programming changes to prevent the payment for a claimant's waiting week. System implementation took place April 1, 2005. **The condition noted in this finding was previously reported in finding 03-04.**
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to Finding 05-53.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	25	Finding:	The Department of Social and Health Services, Division of Child Care and Early Learning, does not have adequate internal controls over support for payments made to child care providers.
		Questioned Costs:	CFDA # / Amount 93.575 / $1,100,000 93.596
		Status:	Refer to finding 05-30
		Corrective Action:	The Department partly concurs with this finding. The Department has addressed the attendance deficiencies by making a change in Washington Administrative Code (WAC). In October 2004, the WAC was changed to require that providers have the parent or custodian sign their children in and out of care. Attendance records must include the date, child's name, time in, time out, and a certifying signature of either a parent or custodian. The Division of Child Care and Early Learning (DCCEL) developed a nonmandatory attendance form for providers on October 1, 2004. The form is not mandatory because the type of care and attendance needs can very greatly from one facility to the next, a fact made very clear by the providers at the WAC amendment hearings. A single form to meet all providers' needs was determined to be unrealistic. The Division of Fraud Investigations reviewed ten percent of the in-home providers, in all six regions, to ensure in-home childcare is occurring in the child's home. (March 2005) Operations Review and Consultation monitored subsidy payments to six targeted childcare centers in June 2006. DCCEL coordinated with the Payment Review Program to identify and collect duplicate payments through the use of algorithms. Three duplicate payment algorithms were run and overpayments notices sent to providers. (August 2005)
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-30.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	26	Finding:	The Department of Social and Health Services, Economic Services Administration wrote-off childcare overpayments to providers without adequate support and inappropriately decreased amounts owed to the Department by child care providers.
		Questioned Costs:	CFDA # / Amount 93.575 / $0
		Status:	No action taken
		Corrective Action:	The Department does not concur with this finding. An Overpayment amount can't be determined without giving the provider notice of due process. All providers who receive a Vendor Overpayment Notice have the right to due process that includes the right to an Administrative Hearing. Part of the pre-hearing process is the review of additional documentation. Reviewing additional attendance is standard pre-hearing practice. Vender Overpayment Notices are sent with a Social Services Incorrect Payment Computation sheet that lists information about the individual overpayment. Included in the information is the date of the overpayment, name of the child, and the amount of the overpayment. Providers are able to present additional attendance records when they receive an overpayment notice. The overpayment process has been suspended pending the conclusion of the federal attorney's investigation.
		Completion Date:	N/A

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	27	Finding: The Department of Social and Health Services, Division of Child Care and Early Learning, does not ensure that all recovered overpayments are credited to the appropriate funding source. Questioned Costs: CFDA # Not Determined; Amount $0 Status: Corrective action complete Corrective Action: The Department's Client Receivable System and cash receipting process were modified to include service, reason, source, organization index, and month of service codes for the Division of Child Care and Early Learning DCCEL client overpayments. Recoveries are posted to agency accounting records with the detail needed to extract collection reports which identify how much was initially paid with federal and state funds and the funding source the funds were returned to. Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-34.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	28	Finding: The Department of Social and Health Services, Economic Services Administration, did not properly monitor its contract with a non-profit organization that billed for services it did not provide. Questioned Costs: CFDA # 10.561 — Amount $550,000 Status: Corrective action complete Corrective Action: The Department disagrees with the questioned costs amount. The contract included a 50 percent local match funded by the contractor and their subcontractors. Approximately 50 percent of the contract is funds expended by the contractor and their subcontractors without Federal or State ties. On October 6, 2005, the Department of Social and Health Services (DSHS) was notified of United States Department of Agriculture's (USDA) receipt of Washington's Single Audit containing the above-mentioned finding. USDA has upheld the finding while acknowledging that the actual fraudulent charges will be less than the questioned costs as determined in this finding. To that end, DSHS received a bill for collection from USDA in the amount of $500,000. DSHS has submitted an appeal of this determination and is awaiting a decision on that appeal. In the meantime, in order to avoid the accrual of interest charges, payment of the $500,000 has been made. Actions taken by the Department Upon discovery of this allegation of fraud the department initiated a number of actions. • On December 1, 2003, the Division of Employment and Assistance Programs (DEAP) began monitoring 100% of the South Sound Outreach Services' (SSOS) claimed client contacts from December 2003 through September 2004. Each client contact was verified by phone calls to the client, a letter requesting a response from the client, or a signature statement from the client. This verification was continued for the remainder of the contract period. Completed September 30, 2004.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	28 (Cont'd)	Corrective Action:	• As of October 1, 2005, all Basic Food Education and Outreach contracts were being monitored to assure actual client contacts are made by requiring contractors to: a. Keep 100 percent back-up documentation of applications to include client identifying information and contact information. Of that documentation, a 10 percent random sample of application assistance contacts are monitored on a monthly basis. b. Keep 100 percent back-up documentation of intake assistance. Of that documentation, a 10 percent random sample of intake assistance contacts are monitored on a monthly basis. c. Not claim an application assistance contact and an intake contact in any single month for the same client. On February 1, 2005 the fraud was referred to the county prosecuting attorney. The case remains pending. The Department is in the process of negotiating the amount of overpayment with the federal grantor. When complete, a request for repayment will be issued to the non-profit.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-32.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	30	Finding:	The Department of Social and Health Services, Mental Health Division, did not comply with state and federal regulations when contracting for services paid with federal Community Mental Health Services Block Grant funds.
		Questioned Costs:	CFDA # 93.958 — Amount $810,862
		Status:	Corrective action complete
		Corrective Action:	The Mental Health Division (MHD) has taken steps to address the specifics of this finding regarding improper classification of contracts between personal service and client service and executing contracts after their start dates. Contracts were misclassified due to lack of understanding on the part of contracting staff and lack of required verification by the MHD accounting section. All staff has been informed of the requirements for correct classification. Additionally, the Accounting Section now reviews contracts to ensure correct classification. Contracts Managers also review classification prior to approving contracts. The Division issued verbal and written instructions to improve procedures for ensuring contracts are signed prior to commencing services. This included a revision to the MHD Contract Policy 6.02, in March 2005. Contracts Managers inform program staff that contracts are executed prior to the services being commenced.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-44.

Office of Superintendent of Public Instruction (OSPI)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	31	Finding: The Office of Superintendent of Public Instruction did not comply with state and federal requirements when contracting for services paid with federal Title I funds. Questioned Costs: CFDA # — Amount 84.010 — N/A Status: Corrective action complete Corrective Action: The Director of Agency Financial Services has instructed staff to carefully review all contracted services to ensure agency contracts are correctly classified and procured. The Contracts Administrator, who has the centralized responsibility for the contracting process, issued to all staff involved in contracts management both verbal directions and written instruction that included: • For the purpose of contracting, OSPI has only two clients - K-12 students and their families/parents. • All new contracts and any renewal of existing contracts will be classified as personal services unless they provide direct services to K-12 students and/or families/parents. • All contracts classified as personal service contracts will be subject to all rules and regulations of the Revised Code of Washington (RCW) 39.29 including, but not limited to, provisions for planning, open competition, filing and filing period. In addition, the agency immediately established a clear definition on how many hours constitutes a day. All existing affected contracts were amended to reflect this clarified definition and the involved contractors were notified of the change. For the new contracts for FY06, OSPI included the revised definition. All monthly payment requests for work performed, as received from the contractors, are supported by a timekeeping and accountability application as an additional control. This will ensure OSPI has received appropriate services prior to payment and prior to requests for federal reimbursement. This documentation is being collected in addition to the quarterly performance reports submitted by each contractor indicating the work completed to date. Completion Date: July 2005

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	32	Finding:	The Department of Social and Health Services, Mental Health Division, did not comply with state and federal regulations when it inappropriately paid fixed administrative expenditures in advance of services for the Community Mental Health Services Block Grant.
		Questioned Costs:	CFDA # 93.958 — Amount $72,000
		Status:	Corrective action complete
		Corrective Action:	The Mental Health Division developed and implemented policies and procedures, along with a mechanism for oversight, complying with state and federal regulations and precluding advance payment of administrative expenditures.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-43.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	33	Finding: The Department of Social and Health Services does not have adequate internal controls over the processing of expenditures through the Agency Financial Reporting System. Questioned Costs: CFDA # Not Specified — Amount $0 Status: Corrective action complete Corrective Action: The Department did not concur with the finding. Given the size and the decentralization of the Department, reliance must be placed on management throughout the agency for notification as well as implementation and employment of established controls. The Department has compensating controls in place. • The use of V0D1 (one time payments to vendors that do not require tax information) is monitored closely. On a quarterly basis, the Office of Accounting Services (OAS) sends to each Fiscal Program Manager for review a V0D1 report that lists all payments made that quarter. The program is responsible to ensure that payments are accurate and for only prescribed V0D1 purposes. • The Department consolidated the filing of forms submitted relating to access requests, changes, and deletions to facilitate more effective management of access to the system. (October 2005) • The Financial Service Administration (FSA) Information Technology Office (ITO) has obtained an electronic file of all Agency Financial Reporting System (AFRS) User IDs as well as all mainframe Resource Access Control Facility (RACF) User IDs and matched the two files for comparison and research. This file was also matched against current employees in an effort to identify and resolve discrepancies. This helped to eliminate specific existing problems prior to moving forward with stronger controls and more agency-wide awareness of the process. As the list changes daily, a baseline was established and the discrepancy resolution was redone in October 2004.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	33 (Cont'd)	Corrective Action: • FSA/ITO developed and implemented a more streamlined and user-friendly form for managers to use to request, change or delete access. (December 2005) • FSA /ITO consulted with the Information Systems Services Division (ISSD) to better coordinate and streamline the process of notifications on requests for access, changes and deletions. (October 2005) Currently, FSA/ITO coordinates the AFRS access while the ISSD coordinates the mainframe RACF access. AFRS access cannot be used without mainframe RACF access. FSA will also be searching for the most efficient and practical methods of responsibility relating to coordination of the RACF and AFRS access. The procedure to verify input document to the AFRS turnaround report has been in place for years. These controls will be reiterated to Department accounting staff through the following methods: • The Accounting Policy Management Board (APMB) has developed a policy that addresses the required controls regarding AFRS input security and independent review. This policy includes a discussion on the use of additional compensating controls if system controls for segregation are not used. Such as: o Independent review and approval of payment documents and supporting documents. o Independent review and documentation of transaction register and/or warrant register review and reconciliation. o Review and correction of payments in the error file. The policy was finalized and implemented in February 2006. • FSA/OAS sent a detailed instruction regarding the policy and the new forms through the Department's financial LISTSERVE on January 30, 2006. This communication outlined the process to be followed and the importance of access relevance versus risk. FSA requested Operations Review and Consultation perform random checks at various locations throughout the state to ensure these controls are in place and operating. This will be included in the department's FY 2006 Audit and Consultation Plan.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	33 (Cont'd)	Corrective Action:	• FSA/OAS has worked closely with the Office of Financial Management representatives to explore alternative system controls that may mitigate the risk of not using the current system segregation controls. The Office of Financial Management received a Letter of Determination, dated September 26, 2005 from David Walter, Acting Director, Office of Audit Resolution and Cost Policy (OARCP), Health and Human Services. The letter stated that the original audit corrective actions and additional comments provided in letters of January 12, 2005, and September 2, 2005, satisfy the audit recommendations contained in the Single Audit Reports for FY 03 and FY 04 (Finding 04-33).
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-29.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	34	Finding: The Department of Social and Health Services does not have adequate internal controls over the Social Service Payment System. Questioned Costs: CFDA # Not Specified — Amount $0 Status: Corrective action complete Corrective Action: No software for the UNYSIS mainframe is currently available. The Department continues to seek new security software. Current front-end systems utilize technology that records who has logged into the front-end system at the time of use. • The Social Service Payment System (SSPS) front-end rewrite "Web Connect" limits access (by incorporating hardened passwords, changed every 90 days) into the authorization process that correctly identifies the authorizer. A permission screen and "lock-out" mechanism are part of the new SSPS front-end design. The system also identifies and flags ineligible providers and notes them on a daily report to the field. The rewrite was implemented in April 2006 and completed on May 31, 2006. • A systematic operator ID purge includes: 1. Elimination of unused and excess operator IDs. (February 2005) 2. Update of operator ID authorization files using Department of Personnel's (DOP) employment termination/change lists. (Completed monthly) 3. Tracking of programs to identify and eliminate non-essential operator IDs. The Aging & Disability Services Administration non-essential operators IDs were purged. (October 2005) 4. In April 2006, all operator IDs were eliminated and user system unique identifiers were required. The feasibility of doing away with operator IDs through the use of the Windows "Active Directory" was reviewed in June 2005. Preliminary design work began in July 2005 with coding of pages and testing started in September 2005. This process was tied to the "Web Connect" rollout completed in May 2006.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	34 (Cont'd)	Corrective Action: • "Generic" IDs and passwords allowing access to controlled subroutines in the Information System Services Division (ISSD) database were searched for IDs with non-conforming routines. They were either removed or corrected along with a list provided by the auditor in March 2005. Most "Generic Operator IDs" have been supplanted by the front end access as each of the divisions completed their own case management systems. (December 2005) • Since January 2005, the SSPS office and ISSD review monthly DOP information to ensure that employees who leave or move to a new job function within state service are removed from the ISSD database and the SSPS Worker ID file. • The SSPS office continued to work with ISSD staff to remove non-related subroutine access. ISSD formulated specific authorization access coding and subroutines to limit authorization access in January 2005. The last subroutine was removed in May 2005. • The SSPS office reduced access to the Provider File to only those whose job functions require Provider File access. Provider File access rights have been transferred to the Provider File Supervisor. (January 2005) • SSPS has a new combination Structured Query Language and Access database system to prepare documents, record payments, and store payment history. This information is downloaded to the system and files are shared with the Office of Accounting Services (OAS). The database system is also used for automatic entry and storage of A-19 invoice data to be shared in electronic files with the SSPS, OAS, and the Agency Financial Reporting System (AFRS). (October 2005) • OAS and the SSPS office developed a tax accounting database to allow reconciliation. The database has the ability to electronically reconcile expenditures through AFRS. An interim Sequel Database was completed, initiated, and tested for the 2005 taxes. (October 2005) In 2007, all manual corrections of SSPS payments will be electronically incorporated into this system and payments reconciled electronically on a daily basis.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	34 (Cont'd)	Corrective Action: • Specific reconciliation information is on the SSPS web page. All SSPS training includes instruction in the reconciliation process. The SSPS office prepared a Best Practices reconciliation memo that was distribution to all SSPS users on the importance of the reconciliation process. (August 2005) • ISSD assessed if a program could be devised that electronically controls or locks the system. Their goal was to manage real time access by tracking what changed and who made the change. The feasibility study determined that this was not possible. SSPS continues to use a cross-check paper system to document changes and incorporates the Safe Source program whenever possible. • The number of individuals with access to the computer input screen used to add, delete, and view worker IDs has been reduced. A read-only screen was implemented in the new SSPS front-end system access beginning March 2006. • The UNYSIS does not have the capability to maintain a record of changes. SSPS will continue to use its current manual process for risk reduction and the Source Safe program wherever possible. • While staff can re-point Executive Control Language, ISSD tracks access in a temporary production environment. Only authorized on-call staffs have access rights. All staff must document such changes and which requires monitoring and approval by ISSD staff. Additionally, full paper documentation with multi-layer signoff is required. • Information that comes under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) privacy rule is limited to screens available to staff of the authorized division. • A new Provider File Unit centralized all data input from field staff late in 2003. Social Security Administration's (SSA) free employee verification service was being used at the time of the audit. The Provider File Unit confirms all IRS tax ID numbers, and has added several new checks to continue to bring down the error rate, which will be determined by December 2006. These checks include:

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	34 (Cont'd)	Corrective Action:	1. IRS Individual Taxpayer Identification Number matching site for Social Security Number (SSN) and Employer Identification Number information. 2. Calling SSA to verify questionable or duplicate numbers. 3. Reviewing the IRS Error List and making corrections after verifying the information. 4. Checking the Social Security Death Index each time there is an indication that the SSN is that of a deceased individual. 5. The SSPS office signed an agreement with the State Auditor's Office to process SSPS files through their death check process. • As of July 2006, federal tax forms, W4s and W9s, are required of providers. A project manager was hired in June 2005 to supervise the collection and processing of these tax forms. • The new Medicaid Management Information System will provide full compliance for the few Health Insurance Portability and Accountability Act services now paid through SSPS. Estimated implementation date is June 2009. The Office of Financial Management received a Letter of Determination, dated September 26, 2005 from David Walter, Acting Director, Office of Audit Resolution and Cost Policy (OARCP), Health and Human services. The letter stated that the original audit corrective actions and additional comments provided in letters of January 12, 2005, and September 2, 2005, satisfy the audit recommendations contained in the Single Audit Reports for FY03 and FY04.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-35.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	35	Finding: The Department of Social and Health Services, Economic Services Administration, does not enter accurate information in its Random Moment Time Sample to ensure administrative costs are properly charged to federal and state funds. Questioned Costs: CFDA # — Amount 10.561 — $ 29,483,273 93.558 — 26,676,581 93.566 — 1,791,777 93.596 — 6,248,951 93.667 — 4,475,373 93.778 — 32,640,285 Total — $101,316,240 Status: Corrective action complete Corrective Action: The Department posted a memo to all employees via the Inside Economic Services Administration's web page iESA describing the Random Moment Time Sample (RMTS) process and requirements and conducted training classes for the RMTS Coordinators. (June 2005.) The Department revised the RMTS instructions and distributed them to all staff that are eligible to be selected for the RMTS. (June 2005.) The Field Fiscal Services Administrator attended regional Community Service Office (CSO) Administrator meetings to discuss the RMTS process and review the roles and responsibilities of the administrators, emphasizing the requirement that the RMTS is to be completed according to the instructions. (June 2005.) In April 2005, the Department began audits of the RMTS documents for two CSOs on a monthly basis and immediately notified the CSO Administrator and Regional Administrator of corrective action that is needed to bring the RMTS process into line with the requirements of the program. The Field Fiscal Services Administrator conducted a review of the questioned samples to determine the impact on the distribution of the program support expenditures to the various programs if the questioned samples were excluded from the distribution methodology. (April 2005.) Completion Date: June 2005

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	36	Finding: The Department of Social and Health Services did not comply with federal requirements for an independent peer review of the Community Mental Health Services Block Grant. Questioned Costs: CFDA # 93.958 — Amount N/A Status: Refer to finding 05-45 Corrective Action: The Mental Health Division (MHD) has petitioned the federal grantor for an exception or to change its regulation requiring an independent peer review. A report was emailed to the grantors at Substance Abuse and Mental Health Services Administration (SAMHSA) outlining how MHD has met this requirement. The grantor's program staff reviewed and accepted this as meeting the requirements for independent peer reviews published in 42 USC 300x-53a. Accordingly, the SAMHSA Financial Advisory Services Officer involved has confirmed the resolution of the matter upon receipt of a letter formalizing MHD's actions. Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-45.

Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	37	Finding: The Department of Community, Trade and Economic Development did not comply with federal requirements for suspension and debarment. Questioned Costs: CFDA # 14.239 — Amount N/A Status: Corrective action complete Corrective Action: CTED disagrees with the finding. The Housing Repairs and Rehabilitation Program refers in its contracts to Executive Order 12546, Debarment and Suspension, as well as requiring contractors to certify that neither the organization nor its principals are suspended or debarred. The contract also prohibits the contractor from entering into contracts with parties that are suspended or debarred. The contractors for the Tenant Based Rental Assistance program are responsible for the determination of low-income family eligibility to receive rental assistance and pay for the family's rent with vouchers directly to landlords. They do not do business with lower tier contractors. CTED received a management decision letter from the U.S. Department of Housing and Urban Development dated July 26, 2005, which stated that no further corrective action was required and that they considered this finding closed. Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-52.

Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	38	Finding: The Department of Community, Trade and Economic Development did not comply with federal requirements for time and effort reporting. Questioned Costs: CFDA # 93.568, 93.569 — Amount $56,500 Status: Corrective action complete Corrective Action: Employees that work on more than one program have been charging their time based on actual time spent on various projects since December 31, 2004. Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-59.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	39	Finding:	The Department of Social and Health Services, Division of Vocational Rehabilitation, did not comply with federal time and effort reporting requirements for its Rehabilitation Services grant.
		Questioned Costs:	CFDA # 84.126 — Amount $89,750
		Status:	Refer to finding 05-59
		Corrective Action:	**DSHS issues departmental policy.** The Department Accounting Policy Management Board issued Fiscal Policy 50.01, *Federal Compliance With Time Allocation/Certification*, on July 1, 2004. The Policy mandates federal Office of Management and Budget (OMB) Circular A-87 standards for time and effort reporting effective the issuance date. The Division of Vocational Rehabilitation (DVR), which administers the Rehabilitation Services Grant, has implemented the requirements of that policy. Time and effort reporting for employees working full-time on the Rehabilitation Services Grant This is a repeat finding (03-18) from the Single Audit for the fiscal year ending June 30, 2003. In response to the fiscal year 2003 finding, a corrective action plan was immediately developed and implemented. Semi-annual certifications have been completed for all salaried and part-time employees beginning with the six-month period October 1, 2004, to March 31, 2005. DSHS received a program determination letter from Region X of the Rehabilitation Services Administration (RSA) that recognized the new DSHS policy and re-emphasized the need for meeting the A-87 standards for individuals working 100% on the RSA grant. The letter asked for any additional information on implementation of the six-month certification requirement. On February 25, 2005, DVR advised Region X of RSA that Fiscal Policy 50.01 had been amended to clarify supervisory positions eligible to complete certification of the time and effort reporting forms. For DVR that meant the Director of DVR would have to formally designate supervisors to perform the required certification. The new designation policy went into effect April 1, 2005.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	39 (Cont'd)	Corrective Action:	Time and effort reporting for employees charging part of their time to the Rehabilitation Services Grant DSHS Fiscal Policy 50.01, adopted and implemented effective July 1, 2004, states that those individuals working in multiple activities or cost objectives, not covered by random moment surveys or a cost basis in the federally approved cost allocation system, are to have a distribution of salaries and wages based on personnel activity reports or equivalent documentation. Personnel activity reports must: • Meet the standards within OMB Circular A-87 • Reflect after the fact distribution of actual activity time • Account for the total activity for which the employee is compensated • Be signed by both the employee and their immediate supervisor The personnel activity reports are used to allocate the employee's salaries and wages on the P4 payroll document or, when necessary, provide the basis for adjusting allocated to actual salaries and wages by journal voucher. **The conditions noted in this finding were previously reported in finding 03-18.**
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-59.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	40	Finding: The Department of Social and Health Services, Juvenile Rehabilitation Administration did not comply with federal requirements for time and effort reporting for the Juvenile Accountability Incentive Block Grant Program. Questioned Costs: CFDA # 16.523 — Amount $565,000 Status: Corrective action complete Corrective Action: The Juvenile Rehabilitation Administration (JRA) implemented the requirements of the Department's Fiscal Policy 50.01, *Federal Compliance with Time Allocation/Certification* in February 2005. Semi-annual certifications have been completed for salaried and part-time employees for both the current period and the audit review period. JRA employees who work on multiple activities now keep daily timesheets on their activities. Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-59.

Military Department

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	41	Finding: The Military Department did not comply with federal requirements for time and effort reporting in the State Domestic Preparedness Equipment Support Program. Questioned Costs: CFDA # — Amount 16.007, 97.004 — $75,000 Status: Corrective action complete Corrective Action: During the audit year ending June 30, 2004, the Washington Military Department placed in operation a time and effort policy and related procedures. The policy and procedures state clearly that actual time will be reported. (March 2004) To strengthen the implementation of the time and effort policy and procedure, an additional process was instituted that required the Payroll Section to forward any timesheets suspected of being constructed on budgeted time to the Accounting Manager. In turn, the Accounting Manager is obligated to bring the suspect timesheets to the attention of the Emergency Management Division (EMD) Chief of Staff. (January 3, 2005) The EMD Chief of Staff is also directly monitoring timesheets. The monitoring of timesheets by the EMD Chief of Staff has already resulted in timesheets being returned to supervisors and staff to be corrected to report actual time. Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-59.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	44	Finding:	The Department of Social and Health Services, Health and Rehabilitative Services Administration, does not adequately monitor its subrecipients for the Community Mental Health Services Block Grant.
		Questioned Costs:	CFDA # 93.958 — Amount N/A
		Status:	Corrective action complete
		Corrective Action:	The Mental Health Division (MHD) began implementing Department Administrative Policy 13.14 on identifying and managing federal Subrecipient contracts and agreements in April 2005. MHD developed a contract monitoring process in accordance with federal regulations for all contracts, including, but not limited to, the Mental Health Block Grant contracts on October 15, 2006. This process includes on-site reviews when the risk matrix identifies that monitoring is appropriate. A workgroup was appointed to facilitate this process. Federal block grant monitoring for all regional service networks was completed July 15, 2006. MHD re-established itself on the distribution list for State, County and Independent audits. These reports are reviewed for findings and corrective action items related to subrecipients of federal funds. (June 2005) MHD has obtained independent audits where they are required. The county audit communication has been researched, as counties have various means of distributing audit results. Language has been added to contracts to address this requirement. (November 2005)
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-46.

Military Department

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	45	Finding: The Military Department does not have adequate internal controls to ensure compliance with regulations regarding purchases for, contracting with, and monitoring of its subrecipients in the State Domestic Preparedness Equipment Support Program. Questioned Costs: CFDA # — Amount 16.007, 97.004 — N/A Status: Corrective action in progress Corrective Action: Purchases for subrecipients All purchases are now processed on the Military Department's automated Purchase Order System (POS), which requires an electronic approval from a manager or authorized official. In addition, the Chief of Staff for EMD provides electronic authorization for all Homeland Security equipment purchases. (July 1, 2004) Contracting with and monitoring of subrecipients An oversight management group was established to direct the development and implementation of a subrecipient monitoring policy and related procedures. The comprehensive written agency policy and procedures were completed in April 2005. Training is being provided to program staff in cooperation with the State Auditor's Office. A grants management program is now available to start recording single audits on subgrantees. The progress of implementing the policy and procedures is being reported to the director on an intermittent basis until fully operational. Completion Date: Estimated June 2007

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	46	Finding: The University of Washington did not comply with federal grant requirements for two of its research and development programs. Questioned Costs: CFDA # — Amount 93.846, 93.856 — $16,517 19,992 $36,509 Status: Corrective action complete. Corrective Action: 1. Questioned costs were removed from the federal grants and transferred to appropriate sources: • Center for AIDS and Sexually Transmitted Diseases (STD) (93.856) - $19,992 transferred July 8, 2004. • Department of Radiology (93.846) - $16,517 transferred August 23, 2004. 2. New internal control mechanisms implemented: • Center for AIDS/STD – August 15, 2004. • Department of Radiology – November 10, 2004. 3. Additional corrective action taken at Center for AIDS/STD • New staff hired (1.5 FTEs) to provide more oversight on financial activities – November 1, 2004. • Employees cross-trained and responsibilities redistributed to provide more back-up support – February 28, 2005. The State of Washington received a management decision letter dated September 16, 2005, stating the Office of Audit Resolution and Cost Policy (OARCP) Health and Human Services has determined that the corrective action plan and subsequent comments satisfied the auditor's recommendations. Completion Date: February 2005

Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	47	Finding: The Employment Security Department does not have adequate internal controls over the reporting of grant expenditures on the Schedule of Expenditures of Federal Awards. Questioned Costs: CFDA # 17.245 — Amount N/A Status: Corrective action complete Corrective Action: Effective July 1, 2004, all Trade Act benefit transactions have been recorded properly in the department's accounting system under Catalog of Federal Domestic Assistance (CFDA) 17.245. Additional account codes were created to allow for more detailed tracking of benefit expenditures. This change will remove any confusion over the CFDA codes to use for reporting and will give the Department the ability to accurately report Federal benefits issued at the needed detail level. It will also allow the Department to accurately report Trade Act activities on the Schedule of Expenditures of Federal Awards (SEFA). In addition, a monthly reconciliation of Trade Act benefit expenditures is being performed to ensure all entries are correct. The Department's fiscal year 2004 SEFA was corrected to reflect the actual revenue and expenditure amounts for the Trade Act program. The corrected expenditure amount appeared in the SEFA for the Fiscal Year 2004 State of Washington Federal Single Audit published in May 2005. Completion Date: July 2005

Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	48	Finding: The Employment Security Department did not comply with federal requirements for time and effort reporting. Questioned Costs: CFDA # 17.245 — Amount $130,515 Status: Corrective action in progress Corrective Action: Time charges questioned by the auditors in this finding pertained to two components of the same program - Trade Act - TAA and NAFTA. Funding for NAFTA was discontinued in the affected offices as of June 30, 2004. As such, time reporting between these components is no longer an issue. In response to this finding, the WorkSource Operations Division worked extensively with local offices to reinforce the agency message to all staff of the importance of accurate time and effort reporting among all federal programs. The division also conducted training for all managers and supervisors statewide to ensure understanding of proper time reporting procedures. In addition, the division has implemented daily time reporting for staff in its local offices. Staff timesheets are available on-line for supervisors to review and monitor to ensure they are being completed in a timely manner. Statewide, the staff identified through this review are now aware that their time is to be charged on a daily basis and is distributed by project codes that reflect actual activities performed. They will fill out their time sheets and use proper charge codes according to the duties performed each day. The agency is awaiting contact with the federal grantor to resolve the questioned costs. The agency did not have a time and effort reporting finding in the FY2005 audit report. **The condition noted in this finding was previously reported in findings 03-03 and 03-05.** Completion Date: Estimated June 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
04	49	Finding: The Department of Social and Health Services' Medical Assistance Administration (MAA) did not comply with allowability and reporting requirements for the State Children's Health Insurance Program. Questioned Costs: CFDA # 93.767 — Amount $13,150,000 Status: Corrective action complete Corrective Action: Health & Recovery Services Administration (HRSA) (formerly known as Medical Assistance Administration) bases requests for federal program reimbursements on actual rather than estimated payments for Medicaid-eligible children whose family incomes fall within certain limits. Actual payments were calculated as of April 25, 2005. The total of $1.0 million was returned to the Centers for Medicare and Medicaid Services (CMS) on the July 31, 2005 quarterly report. HRSA ensured payments made for prenatal services are provided only after the effective date of the State Plan amendment, November 12, 2002. Payments made before the State Plan amendment approval were returned to CMS on the quarterly report due July 31, 2005. Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-42.

Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
03	3	Finding: The Employment Security Department did not comply with federal requirements for payroll time and effort reporting for the Unemployment Insurance program. Questioned Costs: CFDA # — Amount 17.225 — $58,600 Status: Corrective action in progress Corrective Action: The six employees whose salaries were questioned in this audit finding have been counseled as to proper time reporting practices. The agency has continued to emphasize the importance of federal time reporting requirements to all staff. In response to this finding, the WorkSource Operations Division worked extensively with local offices to reinforce the agency message to all staff of the importance of accurate time and effort reporting among all federal programs. The division also conducted training for all managers and supervisors statewide to ensure understanding of proper time reporting procedures. In addition, the division has implemented daily time reporting for staff in its local offices. Staff timesheets are available on-line for supervisors to review and monitor to ensure they are being completed in a timely manner. The agency resolved these questioned costs with the U.S. Department of Labor (USDOL) in July 2005; however, USDOL did not consider the underlying time reporting weaknesses resolved at that time. Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2004 Washington Single Audit. Refer to finding 04-48.

Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
03	5	Finding:	***The Employment Security Department did not comply with federal requirements for payroll time and effort reporting for the Workforce Investment Act program.
		Questioned Costs:	CFDA # / Amount 17.255*** / $27,517
		Status:	Corrective action in progress
		Corrective Action:	The two agency staff whose salaries were questioned in this audit finding have been counseled as to proper time reporting practices as a result of an audit finding in state fiscal year 2002. Time charges for both employees were included in testing of this program by the State Auditor's Office for state fiscal year 2003. No exceptions were found. In response to this finding, the WorkSource Operations Division worked extensively with local offices to reinforce the agency message to all staff of the importance of accurate time and effort reporting among all federal programs. The division also conducted training for all managers and supervisors statewide to ensure understanding of proper time reporting procedures. In addition, the division has implemented daily time reporting for staff in its local offices. Staff timesheets are available on-line for supervisors to review and monitor to ensure they are being completed in a timely manner. The agency resolved the questioned costs with the U.S. Department of Labor (USDOL) in July 2005; however, USDOL did not consider the underlying time reporting weaknesses resolved at that time.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2004 Washington Single Audit. Refer to finding 04-48.

******* This finding relates to a compliance issue that occurred in state fiscal year 2001. CFDA 17.255 was the applicable catalog number at that time.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
03	11	Finding:	The Department of Social and Health Services, (DSHS), Medical Assistance Administration (MAA), has not established sufficient internal controls to ensure financial reports submitted to the federal government comply with Medicaid provisions.
		Questioned Costs:	CFDA # 93.778 — Amount N/A
		Status:	Corrective action in progress
		Corrective Action:	The Department partially concurs with the finding and has structured its corrective action by the conditions noted by the auditor: **Condition 1**: DSHS is not reporting disbursements for alien emergency medical (AEM) services. • The Department agrees that undocumented AEM services should be categorized separate from documented AEM services on the claim; however, the Department is unable to take corrective action at this time. The Automated Client Eligibility System (ACES) and Medical Management Information System (MMIS) do not currently have the capability of capturing undocumented aliens separately from documented aliens and U.S. citizens. • Additionally, the MMIS does not currently have the capability of determining which services were performed as part of an emergent situation and/or any follow-up as required under the decision from Gutierrez v. DSHS, Yakima Superior No. 032017662 (2003). • The Department has established a unique account coding to report AEM expenditures on Line 27 of the CMS 64 report. **Condition 2**: DSHS is underreporting disbursements in some categories. The Department partially concurs with this condition of the finding. However, the Department is not underreporting expenditures in aggregate. Because of a current situation with the Medical Management Information System (MMIS), there are expenditures included on Line 29, "Other Care Services," that should be reported in other categories on the claim. All reported expenditures are eligible for Title XIX clients. There are also instances where MMIS may not recognize the service code of a disbursement. These disbursements presently are assigned a misleading title of "suspense." These are not suspense items, but are legitimate Title XIX disbursements and are reported as such on the CMS 64 report.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
03	11 (Cont'd)	Corrective Action:	This condition was identified by MAA prior to the audit and the Department has changed the title to "Other Care Services." MAA has implemented quarterly JVs to move the charges to appropriate sub/sub/objects. (February 2004) **Condition 3**: <u>The Department does not have sufficient internal controls over preparation of the CMS-64.</u> • The Department does not agree with the statement "…provides for no monitoring…" nor does it concur with this condition of the finding. The Centers for Medicare and Medicaid Services has a full time fiscal auditor assigned to the State of Washington who is on-site for several weeks during the preparation of the claim, requesting justification and explanation for specific expenditures. The auditor approves the claim for submission prior to the Department certifying the claim. • Additionally, the entire claim preparation is in itself a reconciliation of Title XIX expenditures. A one-page summary of the reconciliation activity is prepared prior to the claim certification, previously, the summary was prepared after certification. **Condition 4**: <u>The Department must establish timely and consistent communications between the Medical Assistance Administration (MAA) and the Office of Accounting Services (OAS).</u> There is now better coordination between staffs in the OAS and MAA. Additionally, MAA staffs have implemented better tracking and monitoring mechanisms to ensure timely correction of errors. (January 2004) **Condition 5**: <u>The Department must ensure that the coding in the MMIS is accurate.</u> • MAA hired a full time fiscal analyst who identifies issues with the MMIS coding and develops appropriate corrections. (September 2003) • MAA has also initiated a process for selection of a new MMIS system that will better meet the challenges of adequate monitoring of expenditures, identification of problematic areas and upkeep of coding. Estimated replacement is February 2008.
		Completion Date:	Estimated February 2008

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
03	13	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration (ADSA) and Medical Assistance Administration (MAA), have not set up an effective system of communication that would ensure that Medicaid payments are not being made to nursing homes that are not in compliance with the federally mandated health and safety standards.
		Questioned Costs:	CFDA # / Amount 93.778 / $0
		Status:	Refer to finding 04-09
		Corrective Action:	The Department concurs it needed to strengthen controls over this process, but disagrees with the auditor's recommendations. The recently installed notification process involving the federal Centers for Medicare and Medicaid Services (CMS) has solved the problem. The current process is as follows: • ADSA recommends the need for an enforcement action to CMS. • CMS takes the enforcement action. • CMS communicates directly with MAA regarding dates of denial of payment. Any further notification by ADSA to MAA would be duplicative and only add confusion. Last year only 14 of 114 facilities did not come into compliance prior to CMS implementing a denial of payment remedy. If ADSA were to have followed the auditor's recommendation, it would have communicated 100 unnecessary notices to MAA.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2004 Washington Single Audit. Refer to finding 04-09.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
03	14	Finding:	The Department of Social and Health Services, Medical Assistance Administration (MAA), is not complying with subrecipient monitoring requirements for the Medicaid Program.
		Questioned Costs:	CFDA # 93.778 — Amount $0
		Status:	Corrective action complete
		Corrective Action:	Currently, MAA ensures compliance with the subrecipient monitoring requirements by: • Including appropriate compliance requirements in the language of the subagreement award. • Providing subrecipients with program information (including federally required information) in the subagreement award. • Providing consultation services to officials of the subrecipient. • Reviewing monthly billings that have supporting documentation attached and reviewing program/progress reports that provide Department of Social & Health Services (DSHS) with status of the program along with current measurements. • Reviewing the subrecipient's annual audit report and following up with corrective action plan.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
03	14 (Cont'd)	The Department's Accounting Policy Management Board and Central Contracts published Administrative Policy No. 13.14, *Identifying and Managing FederalSubrecipient Contracts and Agreements*. The policy established organizational responsibility for activities necessary to identify and manage subrecipient awards and agreements (including subrecipient monitoring). MAA, like other organizational units of the Department, monitor for compliance with requirements of Office of Management and Budget (OMB) Circular A-133. In addition, the units ensure that federal funded awards made by the Department are used for authorized purposes in compliance with laws, regulations and the provisions of contracts and grant agreements. The policy became effective April 15, 2005. The Accounting Policy Management Board developed a fiscal subrecipient monitoring policy 50.30. It was approved by the board members on December 5, 2006. The policy progressed through the second phase of the initial review prior to the final phase for signoff and implementation. It was signed and became effective on February 26, 2007. The condition noted in this finding was previously reported in finding 01-17. Completion Date: February 2007

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
01	17	Finding:	The State of Washington is not complying with subrecipient monitoring requirements for some of the federal programs it administers.
		Questioned Costs:	CFDA # / Amount 93.563 / $0 93.778 / $0
		Status:	Corrective action complete
		Corrective Action:	The Department of Social and Health Services (DSHS) established an accounting policy board that reviewed this issue. DSHS's Central Contract Services has taken the following actions to address this finding: • Published a new agency policy for identifying and managing subrecipient awards and agreements, effective as of April 15, 2005. • Published revisions to agency-wide policy for monitoring the performance of contractors, including mandatory use of the Agency Contracts Database to record monitoring activities. Effective January 1, 2005. • Revised its existing agency-wide training on monitoring the performance of contractors. • Placed a list of best practices for monitoring on its intranet website, which include forms (templates). The accounting policy board developed a fiscal subrecipient monitoring policy 50.30. It was approved by the board members on December 5, 2006. The policy progressed through the second phase of the initial review prior to the final phase for signoff and implementation. It was signed and became effective on February 26, 2007. The condition noted in this finding was previously reported in finding 00-12.
		Completion Date:	This finding was repeated in the Fiscal Year 2003 Washington Single Audit. Refer to finding 03-14.

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
00	12	Finding:	The State of Washington is not complying with subrecipient monitoring requirements for some of the federal programs it administers.
		Questioned Costs:	CFDA # / Amount 93.563 / $0 93.778 / $0
		Status:	Corrective action complete
		Corrective Action:	The Department of Social and Health Services (DSHS) established an accounting policy board that reviewed this issue. DSHS's Central Contract Services has published a new agency policy for identifying and managing subrecipient awards and agreements, effective as of April 15, 2005. The accounting policy board developed a fiscal subrecipient monitoring policy 50.30. It was approved by the board members on December 5, 2006. The policy progressed through the second phase of the initial review prior to the final phase for signoff and implementation. It was signed and became effective on February 26, 2007.
		Completion Date:	This finding was repeated in the Fiscal Year 2001 Washington Single Audit. Refer to finding 01-17.

Washington State Agency Codes (By Agency Alphabetically)

For the Fiscal Year Ended June 30, 2006

Agency No.	Agency
165	Accountancy, Board of (ACB)
035	Actuary, Office of the State (OSA)
110	Administrative Hearings, Office of (OAH)
055	Administrative Office of the Courts (AOC)
119	African-American Affairs, Commission on (CAA)
495	Agriculture, Department of (AGR)
355	Archaeology and Historic Preservation, Department of (DAHP)
387	Arts Commission, Washington State (ART)
087	Asian-Pacific-American Affairs, Commission on (APA)
100	Attorney General, Office of the (ATG)
095	Auditor, Office of the State (SAO)
695	Bates Technical College (BATES)
627	Bellevue Community College (BCC)
694	Bellingham Technical College (BTC)
629	Big Bend Community College (BBC)
315	Blind, Department of Services for the (DSB)
351	Blind, State School for the (SFB)
101	Caseload Forecast Council (CFC)
634	Cascadia Community College (CCC)
375	Central Washington University (CWU)
632	Centralia College (CEC)
635	Clark College (CLC)
696	Clover Park Technical College (CPTC)
639	Columbia Basin Community College (CBC)
460	Columbia River Gorge Commission (CRG)
352	Community and Technical Colleges, State Board for (SBCTC)
699	Community and Technical College System (CTCS)
103	Community, Trade, and Economic Development, Department of (CTED)
471	Conservation Commission, State (SCC)
550	Convention and Trade Center (CTC)
310	Corrections, Department of (DOC)
406	County Road Administration Board (CRAB)
048	Court of Appeals (COA)
227	Criminal Justice Training Commission (CJT)
353	Deaf, State School for the (SFD)
357	Early Learning, Department of (DEL)
395	Eastern Washington Historical Society (EWH)
370	Eastern Washington University (EWU)
461	Ecology, Department of (ECY)
104	Economic and Revenue Forecast Council (ERFC)
106	Economic Development Finance Authority (EDA)
610	Edmonds Community College (EDC)
345	Education, State Board of (SBE)
540	Employment Security Department (ES)
468	Environmental Hearings Office (EHO)
605	Everett Community College (EVC)
102	Financial Institutions, Department of (DFI)
105	Financial Management, Office of (OFM)
477	Fish and Wildlife, Department of (DFW)
167	Forensic Investigation Council (FIC)
411	Freight Mobility Strategic Investment Board (FMSIB)
117	Gambling Commission, Washington State (GMB)
150	General Administration, Department of (GA)
075	Governor, Office of the (GOV)
648	Grays Harbor College (GHC)
649	Green River Community College (GRC)
476	Growth Management Hearings Board (GMHB)
303	Health, Department of (DOH)
107	Health Care Authority, Washington (HCA)
599	Health Care Facilities Authority, Washington (WHCFA)
343	Higher Education Coordinating Board (HECB)
346	Higher Education Facilities Authority, Washington (WHEF)
652	Highline Community College (HCC)
118	Hispanic Affairs, Commission on (CHA)
390	Historical Society, Washington State (WHS)
302	Home Care Quality Authority (HCQA)
185	Horse Racing Commission (HRC)
011	House of Representatives (REP)
148	Housing Finance Commission, Washington State (HFC)
120	Human Rights Commission (HUM)
250	Indeterminate Sentence Review Board (SRB)
086	Indian Affairs, Governor's Office of (INA)
190	Industrial Insurance Appeals, Board of (IND)
155	Information Services, Department of (DIS)
160	Insurance Commissioner, Office of the (INS)
126	Investment Board, State (SIB)
014	Joint Legislative Audit and Review Committee (JLARC)
038	Joint Legislative Systems Committee (JLS)
013	Joint Transportation Commission (JTC)
050	Judicial Conduct, Commission on (CJC)
235	Labor and Industries, Department of (L&I)
692	Lake Washington Technical College (LWTC)

Washington State Agency Codes (By Agency Alphabetically)

For the Fiscal Year Ended June 30, 2006

Agency No.	Agency
341	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF)
046	Law Library, State (LAW)
020	Legislative Evaluation and Accountability Program Committee (LEAP)
240	Licensing, Department of (DOL)
080	Lieutenant Governor, Office of the (LTG)
356	Life Sciences Discovery Fund Authority (LSDFA)
195	Liquor Control Board (LCB)
116	Lottery Commission, State (LOT)
657	Lower Columbia College (LCC)
408	Marine Employees' Commission (MAR)
412	Materials Management and Financing Authority, Washington (WMMFA)
245	Military Department (MIL)
147	Minority & Women's Business Enterprises, Office of (OMWBE)
144	Municipal Research Council (MRC)
490	Natural Resources, Department of (DNR)
662	Olympic College (OLC)
467	Outdoor Recreation, Interagency Committee for (IAC)
465	Parks and Recreation Commission, State (PARKS)
665	Peninsula College (PEC)
111	Personnel, Department of (DOP)
637	Pierce College (PIE)
205	Pilotage Commissioners, Board of (BPC)
462	Pollution Liability Insurance Program, Washington (PLI)
130	Printing, Department of (PRT)
056	Public Defense, Office of (OPD)
082	Public Disclosure Commission (PDC)
275	Public Employment Relations Commission (PERC)
091	Redistricting Commission (RDC)
693	Renton Technical College (RTC)
124	Retirement Systems, Department of (DRS)
140	Revenue, Department of (DOR)
	Elected Officials (COS)
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)
325	Sentencing Guidelines Commission (SGC)
672	Shoreline Community College (SHC)
674	Skagit Valley College (SVC)
300	Social and Health Services, Department of (DSHS)
675	South Puget Sound Community College (SPS)
676	Spokane Community Colleges - District 17 (SCCD-17)
377	Spokane Intercollegiate Research and Technology Institute (SIRTI)
225	State Patrol, Washington (WSP)
040	Statute Law Committee (SLC)
350	Superintendent of Public Instruction (SPI)
045	Supreme Court (SUP)
678	Tacoma Community College (TCC)
142	Tax Appeals, Board of (BTA)
376	The Evergreen State College (TESC)
304	Tobacco Settlement Authority (TOB)
228	Traffic Safety Commission, Washington (STS)
410	Transportation Commission (TRC)
405	Transportation, Department of (DOT)
407	Transportation Improvement Board (TIB)
090	Treasurer, Office of the State (OST)
360	University of Washington (UW)
215	Utilities and Transportation Commission (UTC)
305	Veterans' Affairs, Department of (DVA)
220	Volunteer Firefighters, Board for (FIR)
683	Walla Walla Community College (WLC)
365	Washington State University (WSU)
686	Wenatchee Valley College (WVC)
380	Western Washington University (WWU)
621	Whatcom Community College (WHC)
354	Work Force Training and Education Coordinating Board (WFTECB)
691	Yakima Valley College (YVC)

Washington State Agency Codes (By Agency Assigned Number)

For the Fiscal Year Ended June 30, 2006

Agency No.	Agency
011	House of Representatives (REP)
012	Senate (SEN)
013	Joint Transportation Commission (JTC)
014	Joint Legislative Audit and Review Committee (JLARC)
020	Legislative Evaluation and Accountability Program Committee (LEAP)
035	Office of the State Actuary (OSA)
038	Joint Legislative Systems Committee (JLS)
040	Statute Law Committee (SLC)
045	Supreme Court (SUP)
046	State Law Library (LAW)
048	Court of Appeals (COA)
050	Commission on Judicial Conduct (CJC)
055	Administrative Office of the Courts (AOC)
056	Office of Public Defense (OPD)
075	Office of the Governor (GOV)
080	Office of the Lieutenant Governor (LTG)
082	Public Disclosure Commission (PDC)
085	Office of the Secretary of State (SEC)
086	Governor's Office of Indian Affairs (INA)
087	Commission on Asian Pacific American Affairs (APA)
090	Office of the State Treasurer (OST)
091	Redistricting Commission (RDC)
095	Office of the State Auditor (SAO)
099	Washington Citizens' Commission on Salaries for Elected Officials (COS)
100	Office of the Attorney General (ATG)
101	Caseload Forecast Council (CFC)
102	Department of Financial Institutions (DFI)
103	Department of Community, Trade, and Economic Development (CTED)
104	Economic and Revenue Forecast Council (ERFC)
105	Office of Financial Management (OFM)
106	Washington Economic Development Finance Authority (EDA)
107	State Health Care Authority (HCA)
110	Office of Administrative Hearings (OAH)
111	Department of Personnel (DOP)
116	State Lottery Commission (LOT)
117	Washington State Gambling Commission (GMB)
118	Commission on Hispanic Affairs (CHA)
119	Commission on African-American Affairs (CAA)
120	Human Rights Commission (HUM)
124	Department of Retirement Systems (DRS)
126	State Investment Board (SIB)
130	Department of Printing (PRT)
140	Department of Revenue (DOR)
142	Board of Tax Appeals (BTA)
144	Municipal Research Council (MRC)
147	Office of Minority and Women's Business Enterprises (OMWBE)
148	Washington State Housing Finance Commission (HFC)
150	Department of General Administration (GA)
155	Department of Information Services (DIS)
160	Office of the Insurance Commissioner (INS)
165	Board of Accountancy (ACB)
167	Forensic Investigation Council (FIC)
185	Horse Racing Commission (HRC)
190	Industrial Insurance Appeals, Board of (IND)
195	Liquor Control Board (LCB)
205	Board of Pilotage Commissioners (BPC)
215	Utilities and Transportation Commission (UTC)
220	Board for Volunteer Firefighters (FIR)
225	Washington State Patrol (WSP)
227	Washington State Criminal Justice Training Commission (CJT)
228	Washington Traffic Safety Commission (STS)
235	Department of Labor and Industries (L&I)
240	Department of Licensing (DOL)
245	Military Department (MIL)
250	Indeterminate Sentence Review Board (SRB)
275	Public Employment Relations Commission (PERC)
300	Department of Social and Health Services (DSHS)
302	Home Care Quality Authority (HCQA)
303	Department of Health (DOH)
304	Tobacco Settlement Authority (TOB)
305	Department of Veterans' Affairs (DVA)
310	Department of Corrections (DOC)
315	Department of Services for the Blind (DSB)
325	Sentencing Guidelines Commission (SGC)
341	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF)
343	Higher Education Coordinating Board (HECB)
345	State Board of Education (SBE)
346	Washington Higher Education Facilities Authority (WHEFA)

Washington State Agency Codes (By Agency Assigned Number)

For the Fiscal Year Ended June 30, 2006

Agency No.	Agency
350	Superintendent of Public Instruction (SPI)
351	State School for the Blind (SFB)
352	State Board for Community and Technical Colleges (SBCTC)
353	State School for the Deaf (SFD)
354	Work Force Training and Education Coordinating Board (WFTECB)
355	Archaeology and Historic Preservation, Department of (DAHP)
356	Life Sciences Discovery Fund Authority (LSDFA)
357	Early Learning, Department of (DEL)
360	University of Washington (UW)
365	Washington State University (WSU)
370	Eastern Washington University (EWU)
375	Central Washington University (CWU)
376	The Evergreen State College (TESC)
377	Spokane Intercollegiate Research and Technology Institute (SIRTI)
380	Western Washington University (WWU)
387	Washington State Arts Commission (ART)
390	Washington State Historical Society (WHS)
395	Eastern Washington State Historical Society (EWH)
405	Department of Transportation (DOT)
406	County Road Administration Board (CRAB)
407	Transportation Improvement Board (TIB)
408	Marine Employees' Commission (MAR)
410	Transportation Commission (TRC)
411	Freight Mobility Strategic Investment Board (FMSIB)
412	Materials Management and Financing Authority, Washington (WMMFA)
460	Columbia River Gorge Commission (CRG)
461	Department of Ecology (ECY)
462	Washington Pollution Liability Insurance Program (PLI)
465	State Parks and Recreation Commission (PARKS)
467	Interagency Committee for Outdoor Recreation (IAC)
468	Environmental Hearings Office (EHO)
471	State Conservation Commission (SCC)
476	Growth Management Hearings Board (GMHB)
477	Department of Fish and Wildlife (DFW)
490	Department of Natural Resources (DNR)
495	Department of Agriculture (AGR)
540	Employment Security Department (ES)
550	State Convention and Trade Center (CTC)
599	Washington Health Care Facilities Authority (WHCFA)
605	Everett Community College (EVC)
610	Edmonds Community College (EDC)
621	Whatcom Community College (WHC)
627	Bellevue Community College (BCC)
629	Big Bend Community College (BBC)
632	Centralia College (CEC)
634	Cascadia Community College (CCC)
635	Clark College (CLC)
637	Pierce College (PIE)
639	Columbia Basin Community College (CBC)
648	Grays Harbor College (GHC)
649	Green River Community College (GRC)
652	Highline Community College (HCC)
657	Lower Columbia College (LCC)
662	Olympic College (OLC)
665	Peninsula College (PEC)
670	Seattle Community Colleges - District 6 (SCCD-6)
672	Shoreline Community College (SHC)
674	Skagit Valley College (SVC)
675	South Puget Sound Community College (SPS)
676	Spokane Community Colleges - District 17 (SCCD-17)
678	Tacoma Community College (TCC)
683	Walla Walla Community College (WLC)
686	Wenatchee Valley College (WVC)
691	Yakima Valley College (YVC)
692	Lake Washington Technical College (LWTC)
693	Renton Technical College (RTC)
694	Bellingham Technical College (BTC)
695	Bates Technical College (BATES)
696	Clover Park Technical College (CPTC)
699	Community and Technical College System (CTCS)

Community and Technical College Reporting

For the Fiscal Year Ended June 30, 2006

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 Community 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 Technical College
Lower Columbia College
Olympic College
Peninsula College
Pierce College
Renton Technical College
Seattle Community College – District 6
Shoreline Community College
Skagit Valley College
South Puget Sound Community College
Spokane Community College – District 17
Tacoma Community College
Walla Walla Community College
Wenatchee Valley College
Whatcom Community College
Yakima Valley College