

STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

# Single Audit Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



MARCH 2015

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**STATE OF WASHINGTON**

**OFFICE OF FINANCIAL MANAGEMENT**

# **Single Audit Report**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**MARCH 2015**

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# Single Audit Report

For the Fiscal Year Ended June 30, 2014

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# **Washington State Auditor Troy Kelley**

## **INDEPENDENT AUDITOR'S REPORT**

October 31, 2014

The Honorable Jay Inslee  
Governor, State of Washington

### ***REPORT ON FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the State of Washington, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

<u>Opinion Unit</u>	<u>Percent of Total Assets</u>	<u>Percent of Net Position</u>	<u>Percent of Total Revenues/ Additions</u>
Governmental Activities	13.6%	23.6%	9.0%
Business-Type Activities	75.3%	100%	36.7%
Higher Education Special Revenue Fund	53.1%	53.4%	50.3%
Higher Education Endowment Fund	96.4%	96.4%	100.0%
Higher Education Student Services Fund	68.9%	72.1%	82.1%
Workers' Compensation Fund	95.5%	100%	33.1%
Guaranteed Education Tuition Program Fund	88.1%	100%	72.8%
Aggregate Discretely Presented Component Units and Remaining Fund Information	92.0%	93.9%	71.4%

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

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

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

### ***Opinion***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the State of Washington, as of June 30, 2014, and the respective changes in financial position and, where



applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Matters of Emphasis***

As explained in Note 1.D.1, the financial statements include pension trust fund investments valued at \$29.6 billion which comprise 26.9% of total assets and 28.9% of net position of the aggregate discretely presented component units and remaining fund information. The fair values of these investments have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or, in the case of investments in partnerships, the general partners. Our opinion was not modified with respect to this matter.

As described in Note 2, during the year ended June 30, 2014, the State has implemented the Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25 and Statement No. 70, Nonexchange Financial Guarantees. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 25 through 37, budgetary comparison information on pages 165 through 170, information on postemployment benefits other than pensions on page 182, infrastructure modified approach information on pages 183 through 186 and pension trust fund information on pages 171 through 182 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The accompanying information listed as combining financial statements and individual fund schedules on pages 189 through 241 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the introductory and statistical sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the State. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we will also issue our report dated October 31, 2014, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the State's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

**TROY KELLEY**  
STATE AUDITOR  
OLYMPIA, WA

**MD&A**  
**Management's Discussion and Analysis**

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# MD&A

## Management's Discussion & Analysis

As managers of the state of Washington, we offer this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. We present this information in conjunction with the information included in our letter of transmittal, which can be found preceding this narrative, and with the state's financial statements, which follow. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

- Total assets and deferred outflows of the state of Washington exceeded its liabilities and deferred inflows by \$22.93 billion (reported as net position). Of this amount, \$(7.92) billion was reported as "unrestricted net position." A negative balance indicates that no funds were available for discretionary purposes.
- The state of Washington's governmental funds reported a combined ending fund balance of \$13.41 billion, an increase of 7.9 percent compared with the prior year as restated.
- While the state's capital assets increased by \$1.03 billion and total bond debt increased by \$1.12 billion during the current fiscal year, the state's net investment in capital assets is \$20.44 billion.

### Overview of the Financial Statements

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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The government-wide financial statements are designed to provide readers with a broad overview of the state of Washington's finances, in a manner similar to a private sector business.

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

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

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

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

The business-type activities of the state of Washington include the workers' compensation and unemployment compensation programs, as well as Washington's lottery, the Guaranteed Education Tuition Program (GET), and various higher education student services such as housing and dining.

The government-wide financial statements can be found on pages 40-43 of this report.

## FUND FINANCIAL STATEMENTS

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

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for three major funds and an aggregate total for all nonmajor funds. The state's major governmental funds are the General Fund, Higher Education Special Revenue Fund, and the Higher Education Endowment Fund. Individual fund data for the state's nonmajor governmental funds are provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 46-49 of this report.

**Proprietary Funds.** The state of Washington maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds represent an accounting device used to accumulate and allocate costs internally among the state of Washington's various functions. The

state of Washington uses internal service funds to account for general services such as motor pool, central stores, data processing services, risk management, employee health insurance, and printing services. Because internal service funds predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

The internal service funds are combined for presentation purposes. Individual fund data for the state's nonmajor proprietary funds are provided in the form of combining statements elsewhere in this report. The proprietary fund financial statements can be found on pages 50-59 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the state of Washington's own programs. Washington's fiduciary funds include state administered pension plans. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the state's fiduciary funds are provided in the form of combining statements elsewhere in this report. The fiduciary fund financial statements can be found on pages 60-61 of this report.

**Component Units.** Component units that are legally separate from the state and primarily serve or benefit those outside the state are discretely presented. They are either financially accountable to the state, or have relationships with the state such that exclusion would cause the state's financial statements to be misleading or incomplete. The state discretely reports four major component units, the Valley Medical Center, Northwest Hospital, the Washington State Public Stadium Authority and the Health Benefit Exchange, as well as four nonmajor component units. Refer to Note 1 on pages 69-70 for more detailed information. Individual fund data for the state's nonmajor component units are provided in the form of combining statements elsewhere in this report. The component unit financial statements can be found on pages 62-65 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 67-161 of this report.

## OTHER INFORMATION

In addition to this discussion and analysis, this report also presents required supplementary information on budgetary comparisons, pension plans and other postemployment

benefits information, and infrastructure assets reported using the modified approach.

Required supplementary information can be found on pages 165-186 of this report.

The combining statements referred to earlier are presented immediately following the required supplementary information. Combining financial statements and individual fund schedules can be found on pages 189-241 of this report.

STATE OF WASHINGTON Statement of Net Position (in millions of dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>						
Current and other assets	\$ 21,468	\$ 19,999	\$ 24,394	\$ 22,119	\$ 45,862	\$ 42,118
Capital assets	36,375	35,435	2,850	2,761	39,225	38,196
Total assets	57,843	55,434	27,244	24,880	85,087	80,314
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	15	16	15	16
<b>LIABILITIES</b>						
Current and other liabilities	5,043	4,585	1,190	912	6,233	5,497
Long-term liabilities outstanding	25,994	24,508	29,947	28,842	55,941	53,350
Total liabilities	31,037	29,093	31,137	29,754	62,174	58,847
<b>DEFERRED INFLOWS OF RESOURCES</b>	2	-	-	-	2	-
<b>NET POSITION</b>						
Net investment in capital assets	19,816	19,706	625	740	20,441	20,446
Restricted	6,589	6,524	3,815	3,469	10,404	9,993
Unrestricted	399	111	(8,318)	(9,067)	(7,919)	(8,956)
Total net position	\$ 26,804	\$ 26,341	\$ (3,878)	\$ (4,858)	\$ 22,926	\$ 21,483

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the state of Washington, total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$22.93 billion at June 30, 2014, as compared to \$21.48 billion as reported at June 30, 2013.

The largest portion of the state's net position (89.2 percent for fiscal year 2014 as compared to 95.2 percent for fiscal

year 2013) reflects its net investment in capital assets (e.g., land, buildings, equipment, and intangible assets), less any related debt used to acquire those assets that is still outstanding. The state of Washington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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

A portion of the state of Washington's net position (45.4 percent for fiscal year 2014 as compared to 46.5 percent for fiscal year 2013) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(7.92) billion represents unrestricted net position. The state's overall negative balance in unrestricted net position is caused by deficits in business-type activities.

In governmental activities, net position increased from \$26.34 billion in fiscal year 2013 to \$26.80 billion in fiscal year 2014. The increase reflects increases in grants and tax revenues that outpaced the increases in expenses.

In business-type activities, the majority of the deficit is caused by the workers' compensation program that provides time-loss, medical, disability, and pension payments to qualifying individuals who sustain work-

related injuries or develop occupational diseases as a result of their required work activities.

The main benefit plans of the workers' compensation program are funded on rates that will keep the plans solvent in accordance with recognized actuarial principles. The supplemental pension cost-of-living adjustments (COLAs) granted for time-loss and disability payments, however, are funded on a pay-as-you-go basis. By statute, the state is only allowed to collect enough revenue to fund the current COLA payments.

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



STATE OF WASHINGTON  
**Changes in Net Position**  
*(in millions of dollars)*

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 5,850	\$ 5,749	\$ 6,416	\$ 6,166	\$ 12,266	\$ 11,915
Operating grants and contributions	13,240	12,027	326	870	13,566	12,897
Capital grants and contributions	1,066	997	-	-	1,066	997
General revenues:						
Taxes	17,849	17,072	22	23	17,871	17,095
Interest and investment earnings (loss)	621	397	1,618	523	2,239	920
Total revenues	<u>38,626</u>	<u>36,242</u>	<u>8,382</u>	<u>7,582</u>	<u>47,008</u>	<u>43,824</u>
<b>EXPENSES</b>						
General government	(1,607)	(1,537)	-	-	(1,607)	(1,537)
Education - K-12	(8,914)	(8,238)	-	-	(8,914)	(8,238)
Education - Higher education	(6,910)	(6,992)	-	-	(6,910)	(6,992)
Human services	(15,052)	(13,181)	-	-	(15,052)	(13,181)
Adult corrections	(911)	(844)	-	-	(911)	(844)
Natural resources and recreation	(1,137)	(1,096)	-	-	(1,137)	(1,096)
Transportation	(2,400)	(2,379)	-	-	(2,400)	(2,379)
Interest on long-term debt	(938)	(955)	-	-	(938)	(955)
Workers' compensation	-	-	(3,142)	(3,330)	(3,142)	(3,330)
Unemployment compensation	-	-	(1,380)	(1,983)	(1,380)	(1,983)
Higher education student services	-	-	(2,080)	(1,927)	(2,080)	(1,927)
Washington's lottery	-	-	(463)	(437)	(463)	(437)
Guaranteed education tuition program	-	-	(185)	105	(185)	105
Other business-type activities	-	-	(133)	(126)	(133)	(126)
Total expenses	<u>(37,869)</u>	<u>(35,222)</u>	<u>(7,383)</u>	<u>(7,698)</u>	<u>(45,252)</u>	<u>(42,920)</u>
Excess (deficiency) of revenues over expenses before contributions to endowments and transfers	757	1,020	999	(116)	1,756	904
Contributions to endowments	66	63	-	-	66	63
Transfers	94	114	(94)	(114)	-	-
Increase (decrease) in net position	917	1,197	905	(230)	1,822	967
Net position - July 1, as restated	25,887	25,144	(4,783)	(4,628)	21,104	20,516
Net position - June 30	<u>\$ 26,804</u>	<u>\$ 26,341</u>	<u>\$ (3,878)</u>	<u>\$ (4,858)</u>	<u>\$ 22,926</u>	<u>\$ 21,483</u>

**Governmental Activities.** Governmental activities resulted in an increase in the state of Washington's net position of \$916.8 million. A number of factors contributed to the increase:

- Tax revenues increased by \$777.0 million in fiscal year 2014 as compared to fiscal year 2013 reflecting positive growth in the economy. Sales and use taxes reported an increase of \$654.8 million. Sales and use taxes are the main tax revenue for governmental activities. Real estate excise tax revenue increased by \$71.7 million. Real estate excise taxes are levied on the sale of real estate. These tax revenue increases reflect the slowly rebounding economy, recovering housing markets, and improving employment picture in Washington.
- Charges for services increased by \$100.4 million in fiscal year 2014 compared to fiscal year 2013. Increases in fiscal year 2014 as compared with fiscal year 2013 included \$104.1 million in the state's federally approved hospital safety net assessment, \$43.2 million in timber sales, \$36.7 million in motor vehicle license and operator license revenues, and \$14.9 million in tolling revenues.

These increases were offset by a decrease of \$104.4 million in fiscal year 2014 related to liquor distributor license fees which were assessed in fiscal year 2013 as a one-time charge when the state privatized liquor retail sales and distribution. Tuition and fee revenues at higher education institutions held steady in fiscal year 2014 compared with fiscal year 2013.

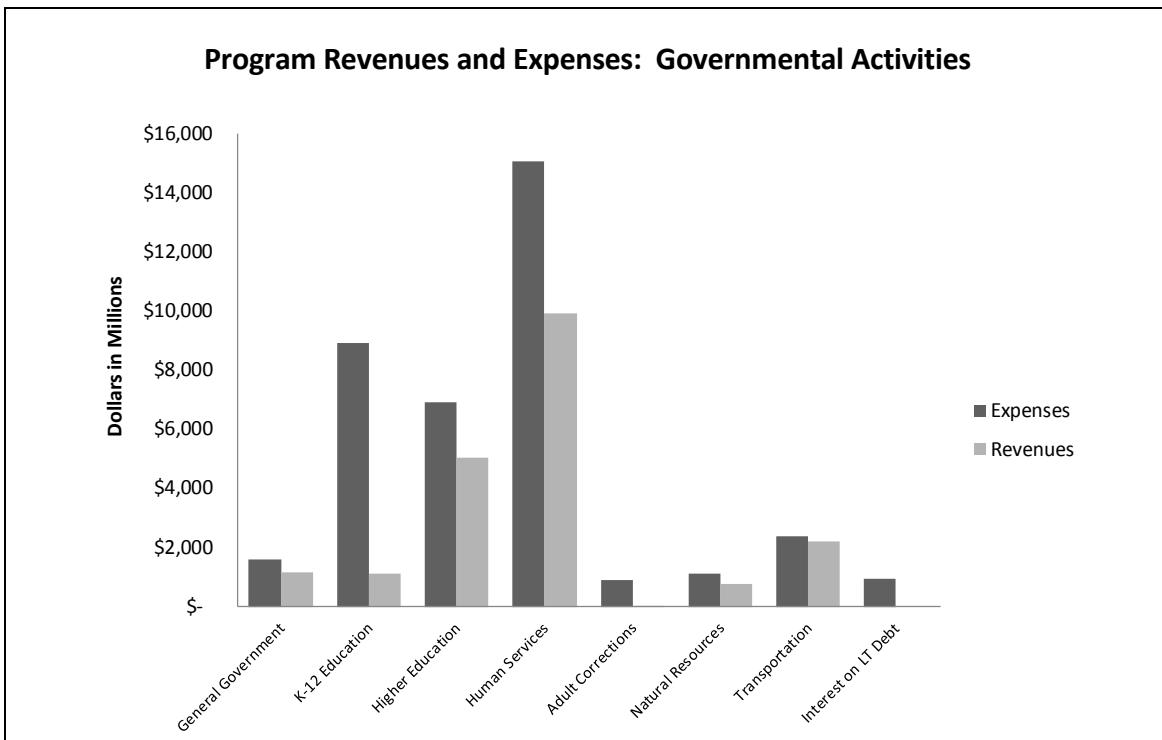
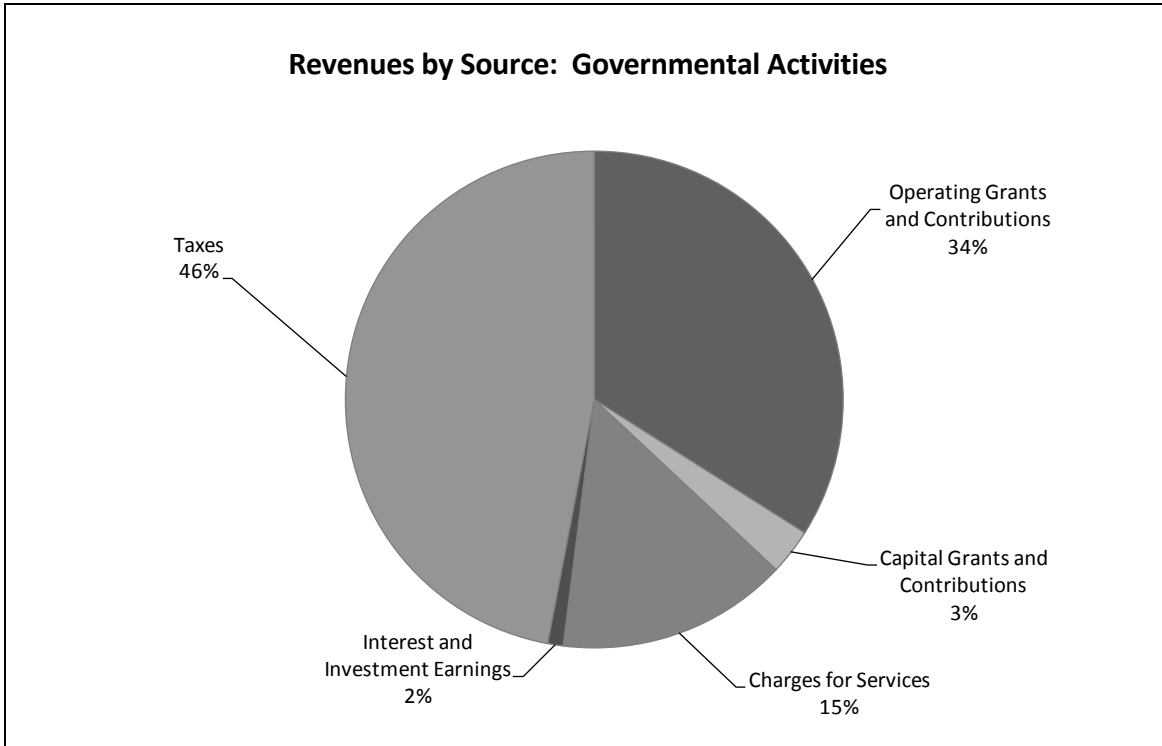
- Operating grants and contributions grew by \$1.21 billion in fiscal year 2014 compared with 2013 and was matched with an increase in human services expenses. The increases in both grant revenue and human services expenditures are largely due to the state expansion of its Medicaid program under the Affordable Care Act providing coverage to 400,000 newly eligible adults.
- Expenses grew by \$676.0 million for K-12 education in 2014 as compared to fiscal year 2013. The state is working to meet the requirements of the state Supreme Court's 2012 McCleary ruling to meet its constitutional duty to fund basic education.

**Business-Type Activities.** Business-type activities increased the state of Washington's net position by \$905.6 million. Workers' compensation, unemployment compensation, and guaranteed education tuition activities contributed to the increase. Key factors contributing to the operating results of business-type activities are:

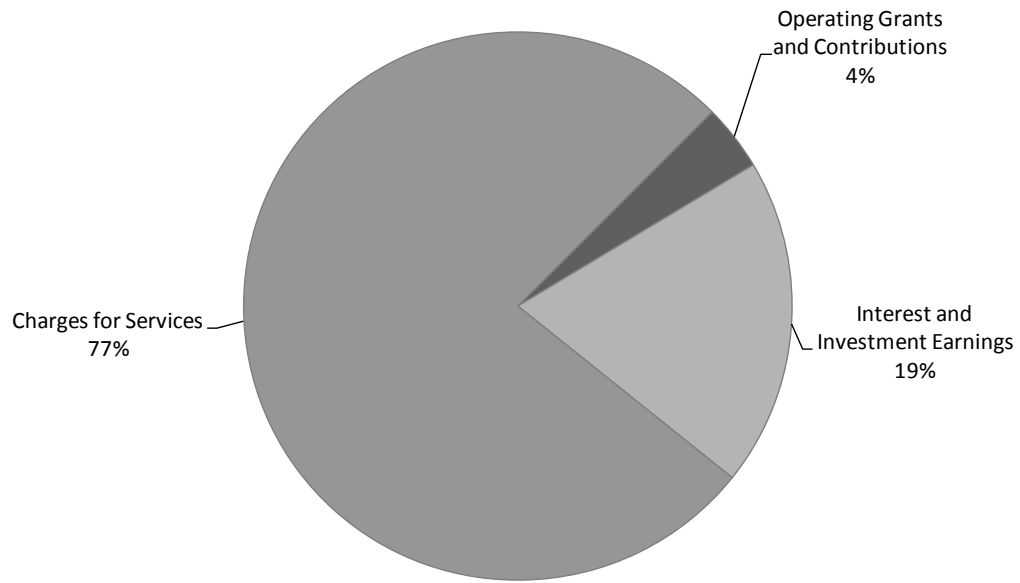
- The workers' compensation activity increase in net position in fiscal year 2014 was \$240.4 million compared to a decrease of \$925.9 million in fiscal year 2013. Premium revenue increased by \$76.9 million as a result of an increase in the number of hours reported by employers, a mid-year premium rate increase, and an increase in the number of hours reported by businesses in higher rate classes. Claim costs decreased by \$204.1 million in fiscal year 2014 compared with fiscal year 2013 reflecting a reduction in the number of time-loss claims. Nonoperating investment income increased by \$896.7 million due predominately to a net increase in realized and unrealized gains on debt securities. The workers' compensation portfolio is 84.9 percent debt securities.
- The unemployment compensation activity reported an operating income in fiscal year 2014 of \$272.6 million, compared to \$174.3 in fiscal year 2013. Washington's unemployment insurance program is an experience-based system with the largest part of an individual employer's tax rate being based on the employer's layoff experience over the past four years. The economic recovery in the state has stabilized employment and resulted in a decline in unemployment insurance benefits of \$602.9 million in fiscal year 2014 over fiscal year 2013. The decrease in benefit costs was the result of a decline in both the number of claims and the duration of the claims. The unemployment rate for the state for June 2014 was 5.4 percent, down from 7.0 percent in June 2013, and the insured rate declined to 1.8 percent in fiscal year 2014 from 2.2 percent in fiscal year 2013. While the state's unemployment insurance premiums are experienced based and the unemployment rate is declining, premium revenue increased by 3.1 percent reflecting a growing workforce and higher taxable wage base. The \$545.5 million decline in federal aid also reflects the decrease in the unemployment rate.
- The Guaranteed Education Tuition (GET) program reported an increase in net position of \$322.1 million in spite of the fact that the number of tuition units sold dropped for the third straight year. Two factors contributed to the increase in net position and simultaneously made other long-term investment options more attractive to customers resulting in the decline in the number of tuition units sold. First, investment returns were 16.4 percent in fiscal year 2014 compared with 9.6 percent in fiscal year 2013. Secondly, tuition did not increase at state universities for the second year in a row. Since the pay-out value of a tuition unit is based on in-state undergraduate resident tuition and fees at the state's highest priced public university, the GET payout value remained unchanged.

The slow tuition growth over the past two years combined with positive investment results improved GET's funded status to 106 percent at June 30, 2014.

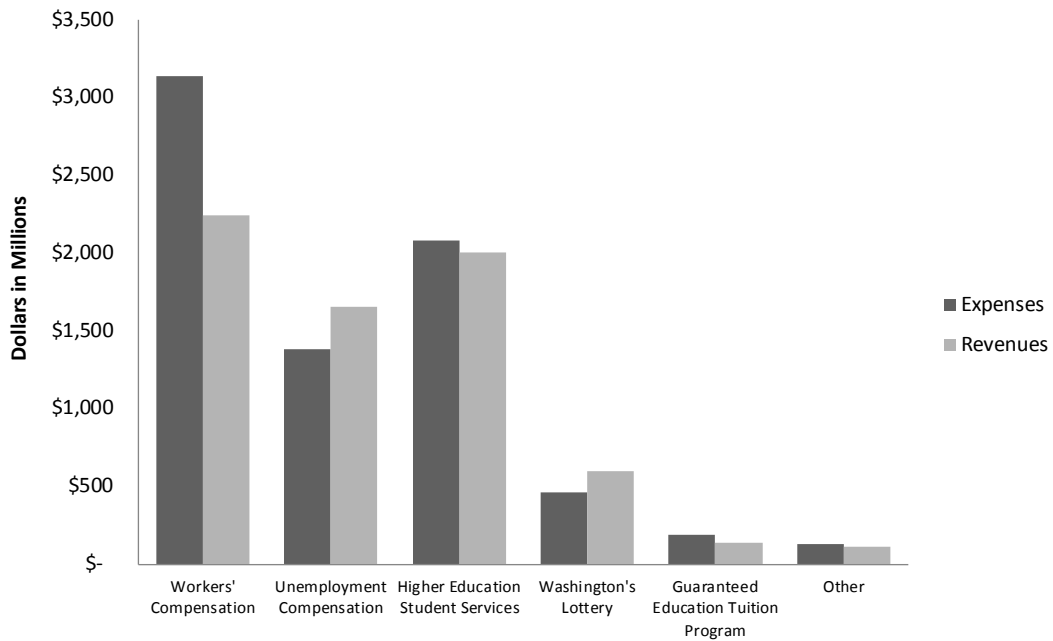
- The remaining business-type activities reported relatively proportional increases in both operating revenues and expenses when compared to the prior year.



### Revenues by Source: Business-Type Activities



### Program Revenues and Expenses: Business-Type Activities



## Financial Analysis of the State's Funds

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

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

**Adjustments to Beginning Fund Balances.** As described in Note 2 to the financial statements on pages 80 and 81, beginning fund balances of governmental funds were adjusted to correct prior period activity.

**Fund Balances.** At June 30, 2014, the state's governmental funds reported combined ending fund balances of \$13.41 billion. Of this amount, \$2.49 billion or 18.6 percent is nonspendable, either due to its form or

legal constraints, and \$4.42 billion or 33.0 percent is restricted for specific programs by external constraints, constitutional provisions or contractual obligations. An additional \$5.28 billion or 39.4 percent of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional \$880.0 million or 6.6 percent of total fund balance has been assigned to specific purposes by management.

The General Fund is the chief operating fund of the state of Washington. As noted in the table below, fund balance improved as a result of operations by \$443.5 million in fiscal year 2014, as compared to a \$375.0 million gain in fiscal year 2013. Increased revenues from taxes and federal grants-in-aid and concerted effort to hold the line on spending were the key contributing factors. Assigned fund balance of \$880.0 million is reported for fiscal year 2014 and relates to certain accrued and non-cash revenues which are not considered by management to be available for budgetary purposes.

STATE OF WASHINGTON			
General Fund			
(in millions of dollars)			
	Fiscal Year		Difference
	2014	2013	Increase
			(Decrease)
<b>REVENUES</b>			
Taxes	\$ 16,008	\$ 15,295	\$ 713
Federal grants	10,226	8,780	1,446
Investment revenue (loss)	7	(17)	24
Other	614	644	(30)
Total	26,855	24,702	2,153
<b>EXPENDITURES</b>			
Human services	14,920	13,235	1,685
Education	9,754	9,115	639
Other	1,460	1,392	68
Total	26,134	23,742	2,392
Net transfers in (out)	(447)	(716)	269
Other financing sources	170	131	39
Net increase (decrease) in fund balance	\$ 444	\$ 375	\$ 69

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

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

- The change in net position of the Higher Education Special Revenue Fund in fiscal year 2014 was \$140.6 million compared to \$347.5 million in fiscal year 2013. The decline in fiscal year 2014 was largely due to a decline in revenue from charges for services of 4.0 percent combined with a 2.8 percent increase in expenditures.
- The fund balance for the Higher Education Endowment Fund increased by \$6.8 million in fiscal year 2014. An overall net increase in fund balance of \$407.8 million from current year activity was offset by a correction of a prior period accounting error which decreased fund balance by \$401.1 million. Fiscal year 2014 reported an increase of \$148.7 million in investment earnings.

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

- The Workers' Compensation Fund reported an increase in net position of \$240.4 million in fiscal year 2014. Operating revenues increased by \$83.0 million and operating expenses decreased by \$187.1 million as compared to fiscal year 2013. As previously reported, operating revenues increased due to an increase in reported hours in higher rate classes and claims expense decreased due to a reduction in the number of time-loss claims. Investment income increased \$896.7 million over fiscal year 2013 due to an increase in net realized and unrealized capital gains.
- Washington's Unemployment Compensation Fund reported an increase in net position of \$345.3 million. As reported previously, premium revenue increased reflecting a growing workforce and higher taxable wage base. Unemployment benefit claims expense decreased by \$602.9 million in fiscal year 2014 as compared to 2013 and federal aid decreased by \$545.5 million over the same period. The decreases in both benefit claims and federal aid are consistent with the decline in the state's unemployment rate.

- The Guaranteed Education Tuition (GET) Program Fund reported an increase in net position of \$322.1 million in fiscal year 2014. As previously reported, the increase is due primarily to strong investment returns and the fact that tuition did not increase at the state's universities for the second straight year.
- The Higher Education Student Services Fund and the nonmajor enterprise funds reported activity fairly consistent with the prior year.

## General Fund Budgetary Highlights

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

- Estimated biennial resources increased by \$1.18 billion over the course of the first year of the biennium. The major increase in estimated resources is reported in federal grants-in-aid reflecting additional funding available to cover state programs.
- Appropriated expenditure authority increased by \$894.2 million over the first fiscal year of the biennium to address increases in mandatory and high priority programs. The major increases in appropriation authority were in human services and education. The availability of additional federal funding, rising caseloads, and high priority needs were the main drivers of the increases.

The state did not overspend its legal spending authority for the 2013-2015 biennium. Actual General Fund revenues and expenditures were 49.1 and 48.2 percent of final budgeted resources and appropriations, respectively, for the first fiscal year of the 2013-2015 biennium.

## Capital Assets, Infrastructure, and Bond Debt Administration

**Capital Assets.** The state of Washington's investment in capital assets for its governmental and business-type activities as of June 30, 2014, totaled \$39.23 billion (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, museum and historical collections, buildings and other improvements, furnishings, equipment, and intangible assets, as well as construction in progress.

Washington's fiscal year 2014 investment in capital assets, net of current year depreciation, increased \$1.03 billion over fiscal year 2013, including increases to the state's transportation infrastructure of \$777.4 million. The state's construction in progress includes both new construction and major improvements to state capital facilities and infrastructure. Remaining commitments on these construction projects total \$2.72 billion.

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

**Infrastructure.** The state uses the modified approach for reporting selected infrastructure assets. The modified approach requires that the state meet certain requirements regarding the inventory and maintenance of eligible capital assets, including condition assessments. Under the modified approach, assets are not depreciated and certain maintenance and preservation costs associated with those assets are expensed. Assets accounted for under this approach include approximately 20,692 lane miles of pavement, 3,286 bridges, and 48 highway safety rest areas. Infrastructure asset categories are assessed on a two year cycle, either on a calendar year or fiscal year basis.

STATE OF WASHINGTON						
Capital Assets - Net of Depreciation						
(in millions of dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,480	\$ 2,388	\$ 61	\$ 61	\$ 2,541	\$ 2,449
Transportation infrastructure and other assets not depreciated	22,585	21,805	5	5	22,590	21,810
Buildings	7,702	7,610	2,410	1,988	10,112	9,598
Furnishings, equipment, and intangible assets	1,513	1,480	190	182	1,703	1,662
Other improvements and infrastructure	1,189	1,218	80	83	1,269	1,301
Construction in progress	906	934	104	442	1,010	1,376
Total	\$ 36,375	\$ 35,435	\$ 2,850	\$ 2,761	\$ 39,225	\$ 38,196

The state's goal is to maintain 90 percent of pavements, 95 percent of bridges, and 95 percent of safety rest areas at a condition level of fair or better. The condition of these assets, along with the rating scales for pavements, bridges, rest areas, and additional detail comparing planned to actual preservation and maintenance spending are available in the required supplementary information beginning on page 183.

The most recent pavements condition assessment indicates that 92.8 percent of pavements were in fair or better condition. The condition of pavements has remained steady in the last three assessment periods, averaging 92.2 percent in fair or better condition. For fiscal year 2014, actual maintenance and preservation expenditures were

16.9 percent higher than planned, and over the past five fiscal years, the actual expenditures were 3.1 percent lower than planned.

The most recent bridge condition assessment indicates that 91.4 percent of bridges were in good or fair condition. The condition of bridges has declined over the last three assessment periods, averaging 94.8 percent in good or fair condition. For fiscal year 2014, the actual maintenance and preservation expenditures were 5.3 percent lower than planned, and over the past five fiscal years, the actual expenditures were 9.7 percent lower than planned.

**Bond Debt.** At the end of fiscal year 2014, the state of Washington had general obligation bond debt outstanding of \$18.96 billion, an increase of 4.1 percent from fiscal year 2013. This debt is secured by a pledge of the full faith and credit of the state. Additionally, the state had authorized \$6.48 billion general obligation debt that remains unissued.

General obligation debt is subject to the limitation prescribed by the State Constitution. The aggregate debt contracted by the state as of June 30, 2014, does not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than 9 percent of the arithmetic mean of its general state revenues for the three immediately preceding fiscal years. The arithmetic mean of its general state revenues for fiscal years 2012, 2013, and 2014 is \$13.25 billion. The debt service limitation, 9 percent of this mean, is \$1.19 billion. The state's maximum annual debt service as of June 30, 2014, subject to the constitutional debt limitation is \$1.13 billion, or \$66.7 million less than the debt service limitation.

For further information on the debt limit, refer to the statistical section on page 266 of this report or the Certification of the Debt Limitation of the State of Washington, available from the Office of the State Treasurer at:

[http://www.tre.wa.gov/documents/debt\\_cdl2014.pdf](http://www.tre.wa.gov/documents/debt_cdl2014.pdf).

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

As of June 30, 2014, the state of Washington's general obligation debt was rated Aa1 by Moody's Investor Service, AA+ by Standard & Poor's Rating Group (S & P), and AA+ by Fitch Ratings.

STATE OF WASHINGTON						
Bond Debt						
(in millions of dollars)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013*	2014	2013*	2014	2013
General obligation (GO) bonds	\$ 18,954	\$ 18,200	\$ 8	\$ 11	\$ 18,962	\$ 18,211
Accreted interest on zero interest rate GO bonds	416	439	-	-	416	439
Revenue bonds	1,894	1,638	2,236	2,098	4,130	3,736
Total	\$ 21,264	\$ 20,277	\$ 2,244	\$ 2,109	\$ 23,508	\$ 22,386
* Prior year balances restated for comparability						

The state had revenue debt outstanding at June 30, 2014, of \$4.13 billion, an increase of \$394.3 million over fiscal year 2013. This increase is primarily related to grant anticipation revenue bonds issued by the Washington State Department of Transportation and revenue bonds issued by state colleges and universities. This debt is not supported or intended to be supported by the full faith and credit of the state. Revenue bond debt is generally secured by specific sources of revenue. The exception is the University of Washington which issues general revenue bonds that are payable from general revenues of the university.

General obligation and revenue bonds totaling \$697.2 million were refunded during the year. Washington's refunding activity produced \$136.4 million in gross debt service savings.

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

## Conditions with Expected Future Impact

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

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



- Weak growth in Europe and slowing Asian growth remain significant threats to the U.S. economy.
- Federal fiscal policy remains a drag on economic growth through contractionary spending and tax policies. Monetary policy remains accommodative, but rate increases are expected next year.
- Washington's economy continues to grow at a moderate pace.
- As Washington's economy continues its slow recovery, state revenue collections are rebounding, but at a much slower pace than following previous recessions. Washington's heavy reliance on sales taxes is feeling the impact of the lingering effect of the recession on consumer confidence and tax cuts previously enacted as well as a shift in consumer spending to untaxed services and online purchases.
- Under legislation approved in 2012, and beginning with the 2013-2015 biennium, Washington became the only state in the nation required to pass a budget that balances spending against anticipated revenue over a four year period.
- Washington continues to face the requirements of the state Supreme Court 2012 McCleary ruling that found that the state has failed to meet its constitutional requirement to amply fund basic education. Although funding progress is being made through the 2013-2015 biennial budget, it was insufficient to satisfy the court. In September 2014, the court found the state in contempt and threatened sanctions if an acceptable funding plan is not in place by the end of the 2015 legislative session.

**General Election.** There is a measure on the state's November 4, 2014, general election ballot that addresses K-12 education. This measure, if passed, could impact the state fiscally.

Election results are not final or official until certified. By law December 4, 2014, is the last day for the Office of the Secretary of State to certify General Election returns.

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

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

On June 30, 2014, \$144.5 million was transferred to the BSA from the General Fund in accordance with the provisions of the Constitution. The BSA has a fund balance of \$414.6 million as of June 30, 2014.

**New Pension Reporting Standards.** For fiscal year 2015 financial reporting, the state will be implementing Statement No. 68 of the Governmental Accounting Standards Board *Accounting and Financial Reporting for Pensions*. Current pension reporting standards focus on plan funding requirements. Plan level information on the pension plans administered by the state is presented in Note 11 and in the required supplementary information section of this report.

Statement 68 requires each governmental employer to report its proportionate share of the net pension liability. While decision making authority related to pension funding is not impacted, Statement 68 will have an impact on the state's government-wide and proprietary fund financial statements beginning in fiscal year 2015.

## Requests for Information

This financial report is designed to provide a general overview of the state of Washington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Financial Management, Accounting Division, P.O. Box 43113, Olympia, WA 98504-3113.

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**Basic Financial Statements**  
**Government-wide Financial Statements**

# Statement of Net Position

June 30, 2014

(expressed in thousands)

Continued

	Primary Government				Component Units			
	Governmental	Business-Type	Total					
	Activities	Activities						
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
ASSETS								
Cash and pooled investments	\$	5,996,232	\$	4,839,166	\$	10,835,398	\$	194,217
Taxes receivable (net of allowance for uncollectibles)		3,299,766		-		3,299,766		-
Other receivables (net of allowance for uncollectibles)		2,152,919		1,716,053		3,868,972		130,654
Internal balances		319,537		(319,537)		-		-
Due from other governments		4,068,870		159,412		4,228,282		-
Inventories		97,283		49,101		146,384		8,847
Restricted cash and investments		554,458		6,800		561,258		6,012
Investments, noncurrent		4,912,816		17,548,126		22,460,942		123,891
Restricted investments, noncurrent		-		56,414		56,414		31,402
Restricted receivables, noncurrent		39,502		-		39,502		-
Other assets		26,760		337,926		364,686		130,148
Capital assets:								
Non-depreciable assets		25,970,585		169,192		26,139,777		74,489
Depreciable assets (net of accumulated depreciation)		10,404,649		2,680,954		13,085,603		765,278
Total capital assets		36,375,234		2,850,146		39,225,380		839,767
Total Assets		57,843,377		27,243,607		85,086,984		1,464,938
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflow on refundings		-		14,801		14,801		-
Total Deferred Outflows of Resources		-		14,801		14,801		-
Total Assets and Deferred Outflows of Resources	\$	57,843,377	\$	27,258,408	\$	85,101,785	\$	1,464,938

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

# Statement of Net Position

June 30, 2014

(expressed in thousands)

Concluded

	Primary Government			Component Units
	Governmental	Business-Type	Total	
	Activities	Activities		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accounts payable	\$ 1,390,863	\$ 127,010	\$ 1,517,873	\$ 67,521
Contracts and retainage payable	165,083	31,546	196,629	9,040
Accrued liabilities	1,667,533	622,544	2,290,077	124,818
Obligations under security lending agreements	146,036	71,518	217,554	-
Due to other governments	1,301,613	273,891	1,575,504	-
Unearned revenues	371,589	63,585	435,174	14,038
Long-term liabilities:				
Due within one year	1,303,646	2,240,571	3,544,217	21,386
Due in more than one year	24,690,914	27,705,736	52,396,650	412,278
Total Liabilities	31,037,277	31,136,401	62,173,678	649,081
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow on refundings	1,711	10	1,721	-
Total Deferred Inflows of Resources	1,711	10	1,721	-
NET POSITION				
Net investment in capital assets	19,816,512	624,901	20,441,413	419,725
Restricted for:				
Unemployment compensation	-	3,815,039	3,815,039	-
Nonexpendable permanent endowments	2,257,583	-	2,257,583	-
Expendable endowment funds	1,231,600	-	1,231,600	-
Wildlife and natural resources	889,016	-	889,016	-
Transportation	874,465	-	874,465	-
Budget stabilization	414,601	-	414,601	-
Capital projects	188,198	-	188,198	-
Loan programs	115,474	-	115,474	-
Higher education	115,072	-	115,072	-
Other purposes	502,740	-	502,740	21,771
Unrestricted	399,128	(8,317,943)	(7,918,815)	374,361
Total Net Position	26,804,389	(3,878,003)	22,926,386	815,857
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 57,843,377	\$ 27,258,408	\$ 85,101,785	\$ 1,464,938

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

**Statement of Activities**  
For the Fiscal Year Ended June 30, 2014  
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General government	\$ 1,607,005	\$ 869,498	\$ 276,803	\$ 2,494
Education - elementary and secondary (K-12)	8,914,440	25,620	1,096,209	-
Education - higher education	6,909,640	2,741,436	2,270,307	23,171
Human services	15,052,413	612,377	9,286,850	-
Adult corrections	911,055	8,325	2,002	-
Natural resources and recreation	1,136,795	510,286	196,830	44,073
Transportation	2,399,479	1,082,272	111,074	995,777
Interest on long-term debt	938,262	-	-	-
Total Governmental Activities	37,869,089	5,849,814	13,240,075	1,065,515
Business-Type Activities:				
Workers' compensation	3,142,195	2,237,212	8,403	-
Unemployment compensation	1,380,035	1,348,923	303,675	-
Higher education student services	2,079,556	1,987,473	13,376	-
Washington's lottery	463,202	594,511	-	-
Guaranteed education tuition program	185,002	138,095	-	-
Other	132,839	109,700	570	-
Total Business-Type Activities	7,382,829	6,415,914	326,024	-
Total Primary Government	\$ 45,251,918	\$ 12,265,728	\$ 13,566,099	\$ 1,065,515
COMPONENT UNITS				
Total Component Units	\$ 859,215	\$ 802,474	\$ 95,322	\$ -

**General Revenues:**

Taxes, net of related credits:

Sales and use

Business and occupation

Property

Motor vehicle and fuel

Excise

Cigarette and tobacco

Public utilities

Insurance premium

Other

Interest and investment earnings

**Total general revenues**

Excess (deficiency) of revenues over expenses before

contributions to endowments and transfers

Contributions to endowments

Transfers

Change in Net Position

**Net Position - Beginning, as restated**

**Net Position - Ending**

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (458,210)	\$ -	\$ (458,210)	
(7,792,611)	-	(7,792,611)	
(1,874,726)	-	(1,874,726)	
(5,153,186)	-	(5,153,186)	
(900,728)	-	(900,728)	
(385,606)	-	(385,606)	
(210,356)	-	(210,356)	
(938,262)	-	(938,262)	
<u>(17,713,685)</u>	<u>-</u>	<u>(17,713,685)</u>	
-	(896,580)	(896,580)	
-	272,563	272,563	
-	(78,707)	(78,707)	
-	131,309	131,309	
-	(46,907)	(46,907)	
-	(22,569)	(22,569)	
<u>-</u>	<u>(640,891)</u>	<u>(640,891)</u>	
<u>(17,713,685)</u>	<u>(640,891)</u>	<u>(18,354,576)</u>	
			\$ 38,581
			<u>38,581</u>
8,364,679	-	8,364,679	-
3,267,401	-	3,267,401	-
1,974,354	-	1,974,354	16,342
1,215,398	-	1,215,398	-
716,609	22,434	739,043	-
443,185	-	443,185	-
463,807	-	463,807	-
467,351	-	467,351	-
936,812	-	936,812	729
<u>620,777</u>	<u>1,617,829</u>	<u>2,238,606</u>	<u>(14,169)</u>
<u>18,470,373</u>	<u>1,640,263</u>	<u>20,110,636</u>	<u>2,902</u>
756,688	999,372	1,756,060	41,483
66,356	-	66,356	-
<u>93,799</u>	<u>(93,799)</u>	<u>-</u>	<u>-</u>
916,843	905,573	1,822,416	41,483
<u>25,887,546</u>	<u>(4,783,576)</u>	<u>21,103,970</u>	<u>815,857</u>
<u>\$ 26,804,389</u>	<u>\$ (3,878,003)</u>	<u>\$ 22,926,386</u>	<u>\$ 857,340</u>

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

**Balance Sheet**  
**GOVERNMENTAL FUNDS**

June 30, 2014  
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 944,101	\$ -	\$ 547,676	\$ 3,470,082	\$ 4,961,859
Investments	23,405	1,250,093	3,421,965	258,600	4,954,063
Taxes receivable (net of allowance)	3,154,782	18,908	-	126,076	3,299,766
Other receivables (net of allowance)	195,276	975,691	34,565	897,085	2,102,617
Due from other funds	223,442	915,864	6	410,179	1,549,491
Due from other governments	1,071,409	159,715	-	2,438,999	3,670,123
Inventories and prepaids	14,570	25,291	-	51,996	91,857
Restricted assets:					
Cash and investments	43,924	166	-	510,349	554,439
Receivables	997	19,728	-	6,453	27,178
<b>Total Assets</b>	<b>\$ 5,671,906</b>	<b>\$ 3,365,456</b>	<b>\$ 4,004,212</b>	<b>\$ 8,169,819</b>	<b>\$ 21,211,393</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 855,672	\$ 81,515	\$ 33,112	\$ 371,490	\$ 1,341,789
Contracts and retainages payable	34,604	2,370	3,194	115,415	155,583
Accrued liabilities	208,449	365,249	558,062	83,729	1,215,489
Obligations under security lending agreements	64,757	3,018	422	66,383	134,580
Due to other funds	272,894	56,571	2,561	696,168	1,028,194
Due to other governments	877,920	2,138	-	179,785	1,059,843
Unearned revenue	83,640	211,974	582	74,000	370,196
Claims and judgments payable	26,281	-	-	9,956	36,237
<b>Total Liabilities</b>	<b>2,424,217</b>	<b>722,835</b>	<b>597,933</b>	<b>1,596,926</b>	<b>5,341,911</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	1,421,548	14,326	20,636	1,001,833	2,458,343
<b>Total Deferred Inflows of Resources</b>	<b>1,421,548</b>	<b>14,326</b>	<b>20,636</b>	<b>1,001,833</b>	<b>2,458,343</b>
<b>FUND BALANCES</b>					
Nonspendable fund balance	50,475	66,662	2,123,084	248,311	2,488,532
Restricted fund balance	416,652	160	1,262,559	2,745,442	4,424,813
Committed fund balance	142,586	2,561,473	-	2,577,307	5,281,366
Assigned fund balance	879,952	-	-	-	879,952
Unassigned fund balance	336,476	-	-	-	336,476
<b>Total Fund Balances</b>	<b>1,826,141</b>	<b>2,628,295</b>	<b>3,385,643</b>	<b>5,571,060</b>	<b>13,411,139</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,671,906</b>	<b>\$ 3,365,456</b>	<b>\$ 4,004,212</b>	<b>\$ 8,169,819</b>	<b>\$ 21,211,393</b>

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

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

June 30, 2014

*(expressed in thousands)*

<b>Total Fund Balances for Governmental Funds</b>	\$ 13,411,139
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Non-depreciable assets	\$ 25,946,178	
Depreciable assets	18,006,913	
Less: Accumulated depreciation	<u>(8,327,059)</u>	
Total capital assets		35,626,032

Some of the state's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are considered deferred inflows in the funds.	2,458,343
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Certain pension trust funds have been funded in excess of the annual required contributions, creating a year-end asset. This asset is not a financial resource and therefore is not reported in the funds.	18,400
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Unmatured interest on general obligation bonds is not recognized in the funds until due.	(402,312)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	268,649
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds and other financing contracts payable	\$ (20,853,721)	
Accreted interest on bonds	(415,936)	
Compensated absences	(513,750)	
Other postemployment benefits obligations	(1,632,479)	
Unfunded pension obligations	(398,897)	
Claims and judgments	(39,009)	
Pollution remediation obligations	(164,839)	
Other obligations	<u>(557,231)</u>	
Total long-term liabilities		<u>(24,575,862)</u>

<b>Net Position of Governmental Activities</b>	<b>\$ <u>26,804,389</u></b>
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The notes to the financial statements are an integral part of this statement.

# Statement of Revenues, Expenditures, and Changes in Fund Balances

## GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2014

(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Retail sales and use taxes	\$ 8,275,469	\$ -	\$ -	\$ 89,210	\$ 8,364,679
Business and occupation taxes	3,261,883	-	-	5,518	3,267,401
Property taxes	1,974,354	-	-	-	1,974,354
Excise taxes	650,134	27,189	-	39,286	716,609
Motor vehicle and fuel taxes	-	-	-	1,215,398	1,215,398
Other taxes	1,846,045	174,221	-	305,623	2,325,889
Licenses, permits, and fees	107,564	910	-	1,518,323	1,626,797
Timber sales	2,032	-	18,125	144,844	165,001
Other contracts and grants	238,897	785,499	-	113,461	1,137,857
Federal grants-in-aid	10,225,586	1,478,073	-	1,464,074	13,167,733
Charges for services	33,969	2,462,588	3	639,006	3,135,566
Investment income (loss)	7,322	49,939	479,145	84,371	620,777
Miscellaneous revenue	166,044	129,188	2,789	501,067	799,088
Unclaimed property	65,653	-	-	-	65,653
Contributions and donations	-	-	66,356	-	66,356
<b>Total Revenues</b>	<b>26,854,952</b>	<b>5,107,607</b>	<b>566,418</b>	<b>6,120,181</b>	<b>38,649,158</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	832,570	-	127	447,115	1,279,812
Human services	14,919,504	-	-	813,647	15,733,151
Natural resources and recreation	408,840	-	-	628,535	1,037,375
Transportation	41,810	-	-	1,774,743	1,816,553
Education	9,753,820	4,837,498	2,470	536,253	15,130,041
Intergovernmental	114,081	-	-	341,553	455,634
<b>Capital outlays</b>	<b>50,986</b>	<b>175,721</b>	<b>15,944</b>	<b>2,050,463</b>	<b>2,293,114</b>
<b>Debt service:</b>					
Principal	9,099	20,625	-	838,395	868,119
Interest	3,428	13,674	-	921,643	938,745
<b>Total Expenditures</b>	<b>26,134,138</b>	<b>5,047,518</b>	<b>18,541</b>	<b>8,352,347</b>	<b>39,552,544</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>720,814</b>	<b>60,089</b>	<b>547,877</b>	<b>(2,232,166)</b>	<b>(903,386)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	168,458	408	-	1,699,761	1,868,627
Refunding bonds issued	-	-	-	558,580	558,580
Payments to escrow agents for refunded bond debt	-	-	-	(633,580)	(633,580)
Issuance premiums	931	173	-	243,057	244,161
Other debt issued	314	4,264	-	40,700	45,278
Transfers in	518,000	1,189,017	528,254	2,121,031	4,356,302
Transfers out	(964,973)	(1,113,372)	(668,309)	(1,527,232)	(4,273,886)
<b>Total Other Financing Sources (Uses)</b>	<b>(277,270)</b>	<b>80,490</b>	<b>(140,055)</b>	<b>2,502,317</b>	<b>2,165,482</b>
<b>Net Change in Fund Balances</b>	<b>443,544</b>	<b>140,579</b>	<b>407,822</b>	<b>270,151</b>	<b>1,262,096</b>
<b>Fund Balances - Beginning, as restated</b>	<b>1,382,597</b>	<b>2,487,716</b>	<b>2,977,821</b>	<b>5,300,909</b>	<b>12,149,043</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,826,141</b>	<b>\$ 2,628,295</b>	<b>\$ 3,385,643</b>	<b>\$ 5,571,060</b>	<b>\$ 13,411,139</b>

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

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

For the Fiscal Year Ended June 30, 2014

*(expressed in thousands)*

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,262,096

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

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

Capital outlays	\$ 1,591,600	
Less: Depreciation expense	<u>(650,426)</u>	941,174

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

43,120

Pension trust funding in excess of annual required contributions  
uses current financial resources, but does not qualify as an expense.

(1,600)

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

(2,636)

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

Bonds and other financing contracts issued	\$ (2,467,776)	
Principal payments on bonds and other financing contracts	1,476,117	
Accreted interest on bonds	<u>22,851</u>	(968,808)

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

In the current period, the net adjustments consist of:

Compensated absences	\$ 16,044	
Other postemployment benefits obligations	(242,795)	
Unfunded pension obligations	(58,456)	
Pollution remediation obligations	6,977	
Claims and judgments	1,240	
Accrued interest	(22,368)	
Unclaimed property	5,877	
Other obligations	<u>(63,022)</u>	(356,503)

**Change in Net Position of Governmental Activities** \$ 916,843

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

# Statement of Net Position

## PROPRIETARY FUNDS

June 30, 2014

(expressed in thousands)

	Business-Type Activities			
	Enterprise Funds			
	Workers'	Unemployment	Higher Education	Guaranteed
	Compensation	Compensation	Student Services	Education
				Tuition Program
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and pooled investments	\$ 81,771	\$ 3,207,116	\$ 1,314,971	\$ 1,048
Investments	4,418	-	31,093	67,100
Other receivables (net of allowance)	782,306	640,252	207,360	61,913
Due from other funds	1,294	4,341	3,358	1
Due from other governments	1,012	65,292	69,640	-
Inventories	304	-	41,425	-
Prepaid expenses	234	-	14,428	-
Restricted assets:				
Cash and investments	720	-	6,080	-
<b>Total Current Assets</b>	<b>872,059</b>	<b>3,917,001</b>	<b>1,688,355</b>	<b>130,062</b>
<b>Noncurrent Assets:</b>				
Investments, noncurrent	14,502,544	-	251,316	2,650,837
Restricted investments, noncurrent	1,951	-	54,463	-
Restricted receivables, noncurrent	-	-	-	-
Other noncurrent assets	3,511	-	103,534	216,000
Capital assets:				
Land and other non-depreciable assets	3,240	-	60,587	-
Buildings	65,134	-	3,185,920	-
Other improvements	1,289	-	94,107	-
Furnishings, equipment, and intangibles	88,926	-	555,616	89
Infrastructure	-	-	42,331	-
Accumulated depreciation	(102,598)	-	(1,270,279)	(89)
Construction in progress	10,661	-	93,164	-
<b>Total Noncurrent Assets</b>	<b>14,574,658</b>	<b>-</b>	<b>3,170,759</b>	<b>2,866,837</b>
<b>Total Assets</b>	<b>15,446,717</b>	<b>3,917,001</b>	<b>4,859,114</b>	<b>2,996,899</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow on refundings	-	-	14,801	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>14,801</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 15,446,717</b>	<b>\$ 3,917,001</b>	<b>\$ 4,873,915</b>	<b>\$ 2,996,899</b>

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

Continued

		<b>Governmental Activities</b>	
<b>Nonmajor Enterprise Funds</b>		<b>Internal Service Funds</b>	
<b>Total</b>			
\$	103,259	\$	4,708,165
	28,390		131,001
	24,222		1,716,053
	7,918		16,912
	4,719		140,663
	7,372		49,101
	218		14,880
	-		6,800
	176,098		6,783,575
			19
			1,127,153
	143,429		17,548,126
	-		56,414
	-		-
	1		323,046
			20,770
			-
			12,324
			81
	1,540		65,367
	12,828		3,263,882
	2,563		97,959
	30,397		675,028
	-		42,331
	(25,280)		(1,398,246)
	-		103,825
	165,478		20,777,732
	341,576		27,561,307
			782,378
			1,909,531
	-		14,801
	-		14,801
			-
\$	341,576	\$	27,576,108
		\$	1,909,531

**Statement of Net Position**  
**PROPRIETARY FUNDS**

June 30, 2014  
*(expressed in thousands)*

	Business-Type Activities Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 3,482	\$ -	\$ 110,855	\$ 278
Contracts and retainages payable	10,440	66	20,875	173,000
Accrued liabilities	310,970	7,995	298,963	1,042
Obligations under security lending agreements	4,418	-	-	67,100
Bonds and notes payable	3,820	-	88,548	-
Due to other funds	6,298	17,063	470,609	139
Due to other governments	23	76,838	7	-
Unearned revenue	6,720	-	56,252	-
Claims and judgments payable	1,907,912	-	-	-
<b>Total Current Liabilities</b>	<b>2,254,083</b>	<b>101,962</b>	<b>1,046,109</b>	<b>241,559</b>
<b>Noncurrent Liabilities:</b>				
Claims and judgments payable	22,529,622	-	-	-
Bonds and notes payable	4,050	-	2,195,061	-
Other long-term liabilities	43,370	-	185,594	2,594,350
<b>Total Noncurrent Liabilities</b>	<b>22,577,042</b>	<b>-</b>	<b>2,380,655</b>	<b>2,594,350</b>
<b>Total Liabilities</b>	<b>24,831,125</b>	<b>101,962</b>	<b>3,426,764</b>	<b>2,835,909</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow on refundings	-	-	10	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	58,781	-	550,036	1
Restricted for:				
Unemployment compensation	-	3,815,039	-	-
Unrestricted	(9,443,189)	-	897,105	160,989
<b>Total Net Position</b>	<b>(9,384,408)</b>	<b>3,815,039</b>	<b>1,447,141</b>	<b>160,990</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 15,446,717</b>	<b>\$ 3,917,001</b>	<b>\$ 4,873,915</b>	<b>\$ 2,996,899</b>

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



Concluded

		Governmental Activities	
Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 12,395	\$ 127,010	\$ 49,074	
164	204,545	1,100	
68,434	687,404	68,534	
-	71,518	11,456	
442	92,810	84,011	
18,329	512,438	108,448	
2,287	79,155	27,186	
613	63,585	1,393	
1,988	1,909,900	191,221	
104,652	3,748,365	542,423	
7,957	22,537,579	496,466	
5,525	2,204,636	468,963	
140,207	2,963,521	131,319	
153,689	27,705,736	1,096,748	
258,341	31,454,101	1,639,171	
-	10	1,711	
-	10	1,711	
16,083	624,901	239,555	
-	3,815,039	-	
67,152	(8,317,943)	29,094	
83,235	(3,878,003)	268,649	
\$ 341,576	\$ 27,576,108	\$ 1,909,531	

# Statement of Revenues, Expenses, and Changes in Net Position

## PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2014

(expressed in thousands)

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
<b>OPERATING REVENUES</b>				
Sales	\$ -	\$ -	\$ 98,180	\$ -
Less: Cost of goods sold	-	-	62,291	-
Gross profit	-	-	35,889	-
Charges for services	18	-	1,747,438	136,949
Premiums and assessments	2,200,410	1,330,732	-	-
Federal aid for unemployment insurance benefits	-	303,675	-	-
Lottery ticket proceeds	-	-	-	-
Miscellaneous revenue	36,939	18,191	145,047	1,145
<b>Total Operating Revenues</b>	<b>2,237,367</b>	<b>1,652,598</b>	<b>1,928,374</b>	<b>138,094</b>
<b>OPERATING EXPENSES</b>				
Salaries and wages	145,431	-	727,557	2,446
Employee benefits	58,367	-	184,001	559
Personal services	5,660	-	32,234	1,106
Goods and services	76,389	-	776,114	903
Travel	4,047	-	25,547	39
Premiums and claims	2,810,658	1,380,035	-	-
Lottery prize payments	-	-	-	-
Depreciation and amortization	7,228	-	154,094	1
Guaranteed education tuition program expense	-	-	-	179,948
Miscellaneous expenses	33,954	-	21,736	-
<b>Total Operating Expenses</b>	<b>3,141,734</b>	<b>1,380,035</b>	<b>1,921,283</b>	<b>185,002</b>
<b>Operating Income (Loss)</b>	<b>(904,367)</b>	<b>272,563</b>	<b>7,091</b>	<b>(46,908)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Earnings (loss) on investments	1,136,910	72,735	36,076	369,004
Interest expense	(461)	-	(95,991)	-
Tax and license revenue	81	-	-	-
Other revenues (expenses)	8,248	-	10,193	1
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,144,778</b>	<b>72,735</b>	<b>(49,722)</b>	<b>369,005</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>240,411</b>	<b>345,298</b>	<b>(42,631)</b>	<b>322,097</b>
Capital contributions	-	-	-	-
Transfers in	-	-	382,670	-
Transfers out	-	-	(326,295)	-
<b>Net Contributions and Transfers</b>	<b>-</b>	<b>-</b>	<b>56,375</b>	<b>-</b>
<b>Change in Net Position</b>	<b>240,411</b>	<b>345,298</b>	<b>13,744</b>	<b>322,097</b>
<b>Net Position - Beginning, as restated</b>	<b>(9,624,819)</b>	<b>3,469,741</b>	<b>1,433,397</b>	<b>(161,107)</b>
<b>Net Position - Ending</b>	<b>\$ (9,384,408)</b>	<b>\$ 3,815,039</b>	<b>\$ 1,447,141</b>	<b>\$ 160,990</b>

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

Nonmajor Enterprise Funds		Governmental Activities Internal Service Funds	
Total			
\$	76,588	\$	174,768
	53,352		115,643
	23,236		59,125
	29,686		1,914,091
	148		3,531,290
	-		303,675
	594,523		594,523
	3,295		204,617
	650,888		6,607,321
	48,227		923,661
	18,515		261,442
	15,381		54,381
	85,305		938,711
	1,779		31,412
	-		4,190,693
	371,532		371,532
	1,022		162,345
	-		179,948
	665		56,355
	542,426		7,170,480
	108,462		(563,159)
	3,104		1,617,829
	(263)		(96,715)
	22,353		22,434
	541		18,983
	25,735		1,562,531
	134,197		999,372
	-		-
	12,151		394,821
	(162,325)		(488,620)
	(150,174)		(93,799)
	(15,977)		905,573
	99,212		(4,783,576)
\$	83,235	\$	(3,878,003)
		\$	268,649

**Statement of Cash Flows**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2014  
*(expressed in thousands)*

	Business-Type Activities Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 2,121,621	\$ 1,337,582	\$ 1,847,547	\$ 151,948
Payments to suppliers	(2,067,752)	(1,375,677)	(791,236)	(133,086)
Payments to employees	(197,425)	-	(885,172)	(2,925)
Other receipts	36,788	331,775	145,045	1,145
Net Cash Provided (Used) by Operating Activities	(106,768)	293,680	316,184	17,082
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	-	382,670	-
Transfers out	-	-	(326,295)	-
Operating grants and donations received	8,588	-	13,057	-
Taxes and license fees collected	81	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	8,669	-	69,432	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest paid	(527)	-	(88,001)	-
Principal payments on long-term capital financing	(3,605)	-	(82,660)	-
Proceeds from long-term capital financing	-	-	252,827	-
Proceeds from sale of capital assets	2	-	11,824	-
Acquisitions of capital assets	(4,723)	-	(258,133)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,853)	-	(164,143)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipt of interest	813,876	72,735	13,724	81,846
Proceeds from sale of investment securities	7,197,551	-	37,245	344,145
Purchases of investment securities	(7,887,123)	-	(148,797)	(443,129)
Net Cash Provided (Used) by Investing Activities	124,304	72,735	(97,828)	(17,138)
Net Increase (Decrease) in Cash and Pooled Investments	17,352	366,415	123,645	(56)
Cash and Pooled Investments, July 1, as restated	65,139	2,840,701	1,197,406	1,104
Cash and Pooled Investments, June 30	\$ 82,491	\$ 3,207,116	\$ 1,321,051	\$ 1,048
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (904,367)	\$ 272,563	\$ 7,091	\$ (46,908)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:</b>				
Depreciation	7,228	-	154,094	1
Revenue reduced for uncollectible accounts	33,104	-	1,180	-
<b>Change in Assets: Decrease (Increase)</b>				
Receivables	(78,961)	16,758	(14,503)	14,999
Inventories	(120)	-	16,054	-
Prepaid expenses	(232)	-	(1,823)	-
<b>Change in Liabilities: Increase (Decrease)</b>				
Payables	836,580	4,359	154,091	48,990
<b>Net Cash or Cash Equivalents Provided by (Used in) Operating Activities</b>	\$ (106,768)	\$ 293,680	\$ 316,184	\$ 17,082

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

Continued

		<b>Governmental Activities</b>	
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>	
\$ 701,275	\$ 6,159,973	\$ 2,049,352	
(552,651)	(4,920,402)	(1,783,650)	
(64,499)	(1,150,021)	(374,809)	
3,288	518,041	167,223	
87,413	607,591	58,116	
12,151	394,821	44,402	
(162,325)	(488,620)	(33,019)	
570	22,215	332	
22,353	22,434	21	
(127,251)	(49,150)	11,736	
(263)	(88,791)	(22,368)	
(433)	(86,698)	(40,629)	
-	252,827	28,734	
78	11,904	5,081	
(1,831)	(264,687)	(86,981)	
(2,449)	(175,445)	(116,163)	
59	982,240	3,391	
37,945	7,616,886	198,030	
(3,689)	(8,482,738)	(16,560)	
34,315	116,388	184,861	
(7,972)	499,384	138,550	
111,231	4,215,581	818,034	
\$ 103,259	\$ 4,714,965	\$ 956,584	
\$ 108,462	\$ (563,159)	\$ (134)	
1,022	162,345	86,300	
51	34,335	56	
(34)	(61,741)	16,973	
725	16,659	1,195	
334	(1,721)	(1,686)	
(23,147)	1,020,873	(44,588)	
\$ 87,413	\$ 607,591	\$ 58,116	

**Statement of Cash Flows**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2014  
*(expressed in thousands)*

	Business-Type Activities			
	Enterprise Funds			
	Workers'	Unemployment	Higher Education	Guaranteed
	Compensation	Compensation	Student Services	Education
				Tuition Program
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -
Acquisition of capital assets through capital leases	-	-	1,705	-
Amortization of annuity prize liability	-	-	-	-
Increase (decrease) in fair value of investments	325,109	-	247	286,935
Debt refunding deposited with escrow agent	-	-	28,995	-
Amortization of debt premium/discount	-	-	5,060	-
Increase in ownership of joint venture	-	-	13,539	-

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

Concluded

		<b>Governmental Activities</b>	
<b>Nonmajor Enterprise</b>		<b>Internal Service</b>	
<b>Funds</b>	<b>Total</b>	<b>Funds</b>	
\$ -	\$ -	\$ 1,221	
-	1,705	-	
8,866	8,866	-	
3,045	615,336	1,874	
-	28,995	43,435	
-	5,060	-	
-	13,539	-	

# Statement of Net Position

## FIDUCIARY FUNDS

June 30, 2014

(expressed in thousands)

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and pooled investments	\$ 1,289	\$ 4,935,323	\$ 53,667	\$ 87,568
Investments	-	2,977,583	-	-
Receivables, pension and other employee benefit plans:				
Employers	-	-	162,909	-
Members (net of allowance)	-	-	2,325	-
Interest and dividends	-	-	238,960	-
Investment trades pending	-	-	1,371,150	-
Due from other pension and other employee benefit funds	-	-	7,076	-
Other receivables, all other funds	-	582	-	5,613
Due from other governments	-	-	-	17,201
<b>Total Current Assets</b>	<b>1,289</b>	<b>7,913,488</b>	<b>1,836,087</b>	<b>110,382</b>
<b>Noncurrent Assets:</b>				
Investments, noncurrent, pension and other employee benefit plans:				
Public equity	-	-	37,470,297	-
Fixed income	-	-	18,399,286	-
Private equity	-	-	18,336,590	-
Real estate	-	-	9,929,236	-
Security lending	-	-	1,091,768	-
Liquidity	-	-	1,817,174	-
Tangible assets	-	-	1,366,904	-
Investments, noncurrent, all other funds	1,438	918,527	-	194
Other noncurrent assets	-	-	-	55,976
Capital assets:				
Furnishings, equipment, and intangibles	37	-	-	-
Accumulated depreciation	(18)	-	-	-
<b>Total Noncurrent Assets</b>	<b>1,457</b>	<b>918,527</b>	<b>88,411,255</b>	<b>56,170</b>
<b>Total Assets</b>	<b>2,746</b>	<b>8,832,015</b>	<b>90,247,342</b>	<b>\$ 166,552</b>
<b>LIABILITIES</b>				
Accounts payable	114	-	-	\$ 4,618
Contracts and retainages payable	-	-	-	27,419
Accrued liabilities	246	152,727	1,858,919	57,887
Obligations under security lending agreements	-	-	1,094,149	4,134
Due to other funds	-	70	-	-
Due to other pension and other employee benefit funds	-	-	7,076	-
Due to other governments	-	18,211	-	16,519
Unearned revenue	-	-	310	-
Other long-term liabilities	-	-	-	55,975
<b>Total Liabilities</b>	<b>360</b>	<b>171,008</b>	<b>2,960,454</b>	<b>\$ 166,552</b>
<b>NET POSITION</b>				
Net position held in trust for:				
Pension benefits	-	-	83,709,133	
Deferred compensation participants	-	-	3,577,755	
Local government pool participants	-	8,661,007	-	
Individuals, organizations, and other governments	2,386	-	-	
<b>Total Net Position</b>	<b>\$ 2,386</b>	<b>\$ 8,661,007</b>	<b>\$ 87,286,888</b>	

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



**Statement of Changes in Net Position**  
**FIDUCIARY FUNDS**

For the Fiscal Year Ended June 30, 2014  
*(expressed in thousands)*

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans
<b>ADDITIONS</b>			
Contributions:			
Employers	\$ -	\$ -	\$ 1,538,957
Members	-	-	1,102,446
State	-	-	61,933
Participants	-	12,482,112	190,538
Total Contributions	-	12,482,112	2,893,874
Investment Income:			
Net appreciation (depreciation) in fair value	-	-	12,158,388
Interest and dividends	-	10,017	1,813,003
Less: Investment expenses	-	-	(316,706)
Net Investment Income (Loss)	-	10,017	13,654,685
Other Additions:			
Unclaimed property	60,539	-	-
Transfers from other pension plans	-	-	4,762
Other contracts, grants and miscellaneous	-	-	314
Total Other Additions	60,539	-	5,076
<b>Total Additions</b>	60,539	12,492,129	16,553,635
<b>DEDUCTIONS</b>			
Pension benefits	-	-	3,463,580
Pension refunds	-	-	452,732
Transfers to other pension plans	-	-	4,762
Administrative expenses	3,604	975	3,251
Distributions to participants	-	12,564,303	212,298
Payments to or on behalf of individuals, organizations and other governments in accordance with state unclaimed property laws	59,115	-	-
<b>Total Deductions</b>	62,719	12,565,278	4,136,623
<b>Net Increase (Decrease)</b>	(2,180)	(73,149)	12,417,012
<b>Net Position - Beginning</b>	4,566	8,734,156	74,869,876
<b>Net Position - Ending</b>	\$ 2,386	\$ 8,661,007	\$ 87,286,888

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

# Statement of Net Position

## COMPONENT UNITS

June 30, 2014

(expressed in thousands)

	Public Stadium	Health Benefit Exchange	Valley Medical Center	Northwest Hospital
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and pooled investments	\$ 7,674	\$ 12,441	\$ 62,729	\$ 18,689
Investments	-	-	10,104	1,026
Investments, restricted	3,818	-	-	2,194
Other receivables (net of allowance)	812	21,730	66,729	36,685
Inventories	-	-	4,083	4,764
Prepaid expenses	23	294	5,716	2,867
<b>Total Current Assets</b>	<b>12,327</b>	<b>34,465</b>	<b>149,361</b>	<b>66,225</b>
<b>Noncurrent Assets:</b>				
Investments, noncurrent	-	-	78,085	45,806
Restricted investments, noncurrent	7,322	-	15,379	8,701
Other noncurrent assets	-	-	-	4,022
<b>Capital assets:</b>				
Land	34,677	-	13,299	10,817
Buildings	460,637	-	416,426	130,747
Other improvements	-	637	18,699	19,443
Furnishings, equipment and intangible assets	19,557	44,699	220,899	199,432
Accumulated depreciation	(203,140)	(8,106)	(309,157)	(245,605)
Construction in progress	-	-	11,290	4,406
<b>Total Noncurrent Assets</b>	<b>319,053</b>	<b>37,230</b>	<b>464,920</b>	<b>177,769</b>
<b>Total Assets</b>	<b>\$ 331,380</b>	<b>\$ 71,695</b>	<b>\$ 614,281</b>	<b>\$ 243,994</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 32	\$ -	\$ 11,840	\$ 14,392
Contracts and retainages payable	2,778	4,638	-	9,040
Accrued liabilities	4,319	29,828	71,188	35,337
Unearned revenue	-	-	-	-
<b>Total Current Liabilities</b>	<b>7,129</b>	<b>34,466</b>	<b>83,028</b>	<b>58,769</b>
<b>Noncurrent Liabilities:</b>				
Other long-term liabilities	7,400	-	319,360	85,518
<b>Total Noncurrent Liabilities</b>	<b>7,400</b>	<b>-</b>	<b>319,360</b>	<b>85,518</b>
<b>Total Liabilities</b>	<b>14,529</b>	<b>34,466</b>	<b>402,388</b>	<b>144,287</b>
<b>NET POSITION</b>				
Net investment in capital assets	299,647	37,229	43,156	39,583
Restricted for deferred sales tax	10,402	-	-	-
Restricted for other purposes	-	-	7,814	2,472
Unrestricted	6,802	-	160,923	57,652
<b>Total Net Position</b>	<b>316,851</b>	<b>37,229</b>	<b>211,893</b>	<b>99,707</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 331,380</b>	<b>\$ 71,695</b>	<b>\$ 614,281</b>	<b>\$ 243,994</b>

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

Nonmajor Component			
Units		Total	
<hr/>			
\$ 23,925		\$ 125,458	
57,629		68,759	
-		6,012	
4,698		130,654	
-		8,847	
191		9,091	
<hr/>			
86,443		348,821	

-		123,891	
-		31,402	
117,035		121,057	
<hr/>			
-		58,793	
-		1,007,810	
-		38,779	
1,708		486,295	
(1,598)		(767,606)	
-		15,696	
<hr/>			
117,145		1,116,117	
<hr/>			
\$ 203,588		\$ 1,464,938	

\$ 39,312		\$ 65,576	
-		16,456	
61		140,733	
14,038		14,038	
<hr/>			
53,411		236,803	

-		412,278	
<hr/>			
-		412,278	
<hr/>			
53,411		649,081	

110		419,725	
-		10,402	
1,083		11,369	
148,984		374,361	
<hr/>			
150,177		815,857	
<hr/>			
\$ 203,588		\$ 1,464,938	

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

For the Fiscal Year Ended June 30, 2014  
*(expressed in thousands)*

	Public Stadium	Health Benefit Exchange	Valley Medical Center	Northwest Hospital
<b>EXPENSES</b>	\$ 16,450	\$ 61,218	\$ 466,014	\$ 295,160
<b>PROGRAM REVENUES</b>				
Charges for Services	3,310	-	470,732	290,122
Operating grants and contributions	-	88,388	-	-
<b>Total Program Revenues</b>	3,310	88,388	470,732	290,122
<b>Net Program Revenues (Expense)</b>	(13,140)	27,170	4,718	(5,038)
<b>GENERAL REVENUES</b>				
Earnings (loss) on investments	364	-	(15,025)	(107)
Taxes	-	-	16,342	-
Other	-	-	-	724
<b>Total General Revenues</b>	364	-	1,317	617
<b>Change in Net Position</b>	(12,776)	27,170	6,035	(4,421)
<b>Net Position - Beginning, as restated</b>	329,627	10,059	205,858	104,128
<b>Net Position - Ending</b>	\$ 316,851	\$ 37,229	\$ 211,893	\$ 99,707

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

Nonmajor		Total	
Component Units			
\$	20,373	\$	859,215
	38,310		802,474
	6,934		95,322
	45,244		897,796
	24,871		38,581
	599		(14,169)
	-		16,342
	5		729
	604		2,902
	25,475		41,483
	124,702		774,374
\$	150,177	\$	815,857

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## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2014

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# Note 1

## Summary of Significant Accounting Policies

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

### A. REPORTING ENTITY

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

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

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

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

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

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

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

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

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



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

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

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

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

### **Blended Component Units**

Blended component units, although legally separate entities, are part of the state's operations in substance. Accordingly, they are reported as part of the state and blended into the appropriate funds. Financial information for the state's blended component units may be obtained from Office of Financial Management, Accounting Division, P.O. Box 43113, Olympia, WA, 98504-3113. The following entities are blended in the state's financial statements:

**Tobacco Settlement Authority.** The Tobacco Settlement Authority (TSA) was created by the Legislature in March 2002 as a public instrumentality separate and distinct from the state. It is governed by a five-member board appointed by the Governor. It was created solely for the purpose of issuing bonds to securitize a portion of the state's future tobacco settlement revenue. Proceeds of the debt instrument were transferred to the state to help fund health care, long-term care, and other programs of the state. Refer to Note 7.A for additional information.

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

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

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

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

### **Discrete Component Units**

Discretely presented component units are reported in a separate column in the government-wide financial statements. Discretely presented component units are legally separate from the state and primarily serve or benefit those outside of the state. They are financially accountable to the state, or have relationships with the state such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These entities are reported as discrete component units because state officials either serve on or appoint the members of the governing bodies of the authorities. The state also has the ability to influence the operations of the authorities through legislation.

The state's component units each have a year-end of June 30 with the exception of the Washington Economic Development Finance Authority and the Washington Health Benefit Exchange which have a December 31 year-end.

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

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

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

Washington Health Care Facilities Authority  
410 11th Avenue SE, Suite 201  
PO Box 40935  
Olympia, WA 98504-0935

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

The **Washington State Public Stadium Authority (PSA)** was created by the Legislature to acquire, construct, own, and operate a football/soccer stadium, exhibition center, and parking garage. Construction was completed in 2002. PSA capital assets, net of accumulated depreciation, total \$311.7 million. The state issued general obligation bonds for a portion of the cost of the stadium construction. The total public share of the stadium and exhibition center cost did not exceed \$300 million from all state and local government funding sources, as required in statute.

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

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

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

The **Washington Health Benefit Exchange (Exchange)** was created by the Legislature to implement a central marketplace for individuals, families, and small employers to shop for health insurance and access federal

tax credits pursuant to the Patient Protection and Affordable Care Act of 2010. Federal grant funding is financing the Exchange design, development, and implementation phases as well as the first full year of operation during 2014. Beginning in 2015, the Exchange must be self-sustaining through state funding appropriations, premium tax assessments, and administrative fees.

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

Washington Health Benefit Exchange  
810 Jefferson Street SE  
Olympia, WA 98501

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

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

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

**Valley Medical Center** was created July 1, 2011, through a strategic alliance between UW Medicine and Public Hospital District No. 1 of King County. Valley Medical Center owns and operates a 321-bed full service acute care hospital and 45 clinics located throughout southeast King County. Financial reports of Valley Medical Center may be obtained at the following address:

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

## Joint Ventures

In 1998, the University of Washington Medical Center (Medical Center) entered into an agreement with Seattle Children's Hospital and Fred Hutchinson Cancer Research Center to establish the Seattle Cancer Care Alliance (SCCA). Each member of the SCCA has a one-third interest. The mission of the SCCA is to eliminate cancer as a cause of human suffering and death and to become recognized as the premier cancer research and treatment center in the Pacific Northwest. The SCCA integrates the

cancer research, teaching, and clinical cancer programs of all three institutions to provide state-of-the-art cancer care. Under the agreement, the Medical Center provides the patient care to all adult inpatients of the SCCA.

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

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

The state accounts for the Medical Center's interest in SCCA under the equity method of accounting. Income of \$13.6 million was recorded in fiscal year 2014, bringing the total equity investment to \$102.7 million which is recognized in the state's financial statements in the Higher Education Student Services Fund.

Separate financial statements for SCCA may be obtained from:

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

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

Separate financial statements for CUMG may be obtained from:

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

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

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

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

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

- Charges to customers for goods and services of the program. A customer is one who directly benefits from the goods or services or is otherwise directly affected by the program, such as a state citizen or taxpayer, or other governments or nongovernmental entities.
- Amounts received from outside entities that are restricted to one or more specific programs. These amounts can be operating or capital in nature.
- Earnings on investments that are restricted to a specific program are also considered program revenues.

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

## **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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### **Government-wide Financial Statements**

The state presents two basic government-wide financial statements: the Statement of Net Position and the

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

## Fund Financial Statements

The state uses 642 accounts that are combined into 52 rollup funds. The state presents separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements, with nonmajor funds being combined into a single column regardless of fund type. Internal service and fiduciary funds are reported by fund type. Major funds include:

### Major Governmental Funds:

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

### Major Enterprise Funds:

- **Workers' Compensation Fund** accounts for the workers' compensation program that provides medical, time-loss, and disability benefit payments to qualifying individuals sustaining work-related injuries.
- **Unemployment Compensation Fund** accounts for the unemployment compensation program. It accounts for the deposit of funds, requisitioned from the Federal Unemployment Trust Fund, to provide services to eligible participants within the state and to pay unemployment benefits.
- **Higher Education Student Services Fund** is used by colleges and universities principally for bookstore, cafeteria, parking, student housing, food service, and hospital business enterprise activities.
- **Guaranteed Education Tuition Program Fund** accounts for Washington's Guaranteed Education

Tuition (GET) Program. GET is a qualified tuition program under Section 529 of the Internal Revenue Code.

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

### Nonmajor Governmental Funds:

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

### Nonmajor Proprietary Funds:

- **Enterprise Funds** account for the state's business type operations for which a fee is charged to external users for goods or services including: the state lottery; vocational/education programs at correctional institutions, and other activities.

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

The state reports the following fiduciary funds:

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

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

## C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

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

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

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

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

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

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### **1. Cash and Investments**

Investments of surplus or pooled cash balances are reported on the accompanying Statements of Net Position, Balance Sheets, and Statements of Cash Flows as “Cash and Pooled Investments.” The Office of the State Treasurer invests state treasury cash surpluses where funds can be disbursed at any time without prior notice or penalty. For reporting purposes, pooled investments are stated at fair value or amortized cost, which approximates fair value. For purposes of reporting cash flows, the state considers cash and pooled investments to be cash equivalents. Pooled investments include short-term, highly-liquid investments that are both readily convertible to cash and are so near their maturity dates that they present insignificant risk of changes in value because of changes in interest rates.

The method of accounting for noncurrent investments varies depending upon the fund classification. Investments in the state’s Local Government Investment Pool (LGIP), an external investment pool operated in a manner consistent with the Securities and Exchange Commission’s Rule 2a-7 of the Investment Company Act of 1940, are reported at amortized cost which approximates fair value. The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, or phone number (360)

902-9000. TTY users dial 711 to be connected to the state TTY operator.

Certain pension trust fund investments, including real estate and private equity, are reported at fair value based on appraisals or estimates in the absence of readily ascertainable fair values. At June 30, 2014, these alternative investments are valued at \$29.64 billion. Because of the inherent uncertainties in the estimation of fair value, it is possible that the estimates will change.

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

### **2. Receivables and Payables**

Receivables in the state’s governmental fund type accounts consist primarily of taxes and federal revenues. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (refer to Note 1.C) have been met. All receivables are reported net of an allowance for accounts estimated to be uncollectible.

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

### **3. Inventories and Prepaids**

Consumable inventories, consisting of expendable materials and supplies held for consumption, are valued and reported in the state’s financial statements if the fiscal year-end balance on hand at an inventory control point is estimated to be \$50,000 or more. Consumable inventories are 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 \$8.1 million in federally donated consumable inventories, which are offset by unearned revenue because they are not earned until they are distributed to clients.

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

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

In proprietary and trust fund type accounts, prepaid items are accounted for using the consumption method. The portion of supplies or services consumed or used during a period is recorded as an expense. The balance that remains is reported as an asset until consumed or used.

#### **4. Restricted Assets**

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

#### **5. Capital Assets**

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

It is the state’s policy to capitalize:

- All land, including land use rights with indefinite lives acquired with the purchase of the underlying land, and ancillary costs;
- The state highway system operated by the Department of Transportation;
- Infrastructure, other than the state highway system, with a cost of \$100,000 or more;
- Buildings, building improvements, improvements other than buildings, and leasehold improvements with a cost of \$100,000 or more;

- Intangible assets, either purchased or internally developed, with a cost of \$1 million or more that are identifiable by meeting one of the following conditions:
  - The asset is capable of being separated or divided and sold, transferred, licensed, rented, exchanged;
  - The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable;
- All capital assets acquired with Certificates of Participation, a debt financing program administered by the Office of the State Treasurer; and
- All other capital assets with a unit cost (including ancillary costs) of \$5,000 or greater, or collections with a total cost of \$5,000 or greater except for assets held by the University of Washington (UW). The capitalization threshold for all other capital assets held by the UW is \$2,000.

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

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

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

The value of assets constructed by agencies for their own use includes all direct construction costs and indirect costs that are related to the construction. In enterprise and trust funds, net interest costs (if material) incurred during the period of construction are capitalized. In fiscal year 2014, \$103.3 million interest costs were incurred, and \$11.7 million net interest costs were capitalized.

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

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

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

Generally, estimated useful lives are as follows:

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

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

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

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

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

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

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

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

## 6. Deferred Outflows/Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The state only has one item that qualifies for reporting in this category. It is the deferred outflow of resources reported in the government-wide and proprietary fund statements of net position related to debt refunding. A deferred outflow on refunding results when the carrying value of refunded debt exceeds its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The state is reporting two types of deferred inflows: unavailable revenue and debt refunding.

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

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

## 7. Compensated Absences

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



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

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

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

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

## 8. Long-Term Liabilities

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

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

## 9. Fund Equity

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

- **Nonspendable** fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

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

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

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

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

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

In fiduciary funds, net assets are held in trust for individuals and external organizations.

## E. OTHER INFORMATION

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### 1. Insurance Activities

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

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

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

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

The Department of Labor and Industries, as administrator of the workers' compensation program, establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have already occurred. The length of time for which such costs

must be estimated varies depending on the benefit involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liabilities, claims adjudication, and judgments, the process used in computing claims liabilities does not necessarily result in an exact amount.

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

The Department of Labor and Industries prepares a stand-alone financial report for its Workers' Compensation Program. Copies of the report that include financial statements and required supplementary information may be obtained by writing to Washington State Department of Labor and Industries, PO Box 44833, Olympia, Washington 98504-4833 or by visiting their website at: <http://www.lni.wa.gov/ClaimsIns/Insurance/Learn/StateFund/Reports/Default.asp>.

**Risk Management.** The state of Washington operates a self-insurance liability program pursuant to RCW 4.92.130. The state manages its tort claims as an insurance business activity rather than a general governmental activity. The state's policy is generally not to purchase commercial insurance for the risk of losses to which it is exposed. Instead, the state's management believes it is more economical to manage its risks internally and set aside assets for claims settlement in the Risk Management Fund, an internal service fund. A limited amount of commercial insurance is purchased for liabilities arising from the operations of the Washington state ferries, employee bonds, and to limit the exposure to catastrophic losses. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past ten fiscal years. Otherwise, the self-insurance liability program services all claims against the state for injuries and property damage to third parties. The majority of state funds and agencies participate in the self-insurance liability program in proportion to their anticipated exposure to liability losses.

**Health Insurance.** The state of Washington administers and provides medical, dental, basic life, and basic long-term disability insurance coverage for eligible state employees. In addition, the state offers coverage to K-12 school districts, educational service districts, tribal governments, political subdivisions, and employee organizations representing state civil service workers. The state establishes eligibility requirements and approves plan benefits of all participating health care organizations. Because the state and its employees are the predominant participants in the employee health insurance program, it is

accounted for in an internal service fund, the Employee Insurance Fund.

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

The Health Care Authority, as administrator of the health care benefits program, collects this monthly "premium" from agencies for each active employee enrolled in the program. State employees self pay for coverage beyond the state's contribution. Cost of coverage for non-state employees is paid by their respective employers. Most coverage is available on a self-paid basis to former employees and employees who are temporarily not in pay status.

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

The state secures commercial insurance for certain coverage offered, but self-insures the risk of loss for the Uniform Medical Plan. The Uniform Medical Plan enrolled 64 percent of the eligible subscribers in fiscal year 2014. Claims are paid from premiums collected, and claims adjudication is contracted through a third-party administrator.

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

## 2. Postemployment Benefits

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

available on a self-paid basis and is the same medical and dental coverage available to state employees.

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

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

## 3. Interfund/Interagency Activities

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

## 4. Donor-restricted Endowments

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

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

The net appreciation available for authorization for expenditure by governing boards totaled \$546.5 million. This amount is reported as restricted for expendable endowment funds on the government-wide Statement of Net Position.

## Note 2

### Accounting, Reporting, and Entity Changes

**Reporting Changes.** Effective for fiscal year 2014 reporting, the state adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 67 *Financial Reporting for Pension Plans, amending GASB 25*. GASB Statement No. 67 relates to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This statement addresses accounting and financial reporting for the activities of pension plans.

The Department of Retirement Systems (DRS) is the administrator for all but one of the state administered pension plans that are subject to Statement No. 67. The DRS Statement No. 67 compliant stand-alone financial report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, WA 98504-8380 or online at <http://www.drs.wa.gov>.

Implementation of Statement No. 67 reporting requirements for the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund is reflected in Note 11 Retirement Plans.

Statement No. 69 *Government Combinations and Disposals of Government Operations*. GASB Statement No. 69 addresses mergers, acquisitions, and transfers of operations. This statement did not have an impact on the financial statements.

Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB Statement No. 70 requires recognition of a liability when certain factors indicate that it is more likely than not that the state will be required to make a payment on a nonexchange financial guarantee. The statement also specifies information to be disclosed by the state when it extends nonexchange financial guarantees. The state has extended a nonexchange financial guarantee on certain debt issued by state school districts. Statement No. 70 required disclosure is reflected in Note 13 Commitments and Contingencies.

**Fund Reclassification.** During fiscal year 2014, it was determined that one special revenue fund no longer had a dedicated revenue source so beginning fund balances were restated by a reduction of \$7 thousand in Nonmajor Governmental Funds and an increase of \$7 thousand in the Administrative Accounts in the General Fund.

**Prior Period Adjustment.** The University of Washington (UW) recorded a prior period adjustment to properly report balances related to their Internal Lending Program which is reported within the Higher Education Student Services Fund. The adjustment impacted the Higher Education Special Revenue Fund, a major governmental fund, with a decrease of \$276.1 million, and the Higher Education Student Services, a major enterprise fund, with an increase of \$74.2 million. The adjustment also increased pooled cash in an agency fund by \$134.6 million.

The UW also posted a beginning balance adjustment to correct for prior errors in recording of the investment of the UW non-endowed monies. The adjustment increased fund balance in the Higher Education Special Revenue Fund, a major governmental fund, by \$401.1 million. The adjustment decreased fund balance of the Higher Education Endowment Fund, also a major governmental fund.

The Department of Corrections recorded a prior period adjustment to record unearned revenue associated with donations. The adjustment decreased fund balance in Nonmajor Governmental Funds by \$44 thousand.

The state is also reporting for the first time two discrete component units of the University of Washington: Northwest Hospital and Valley Medical Center.

**Governmental Capital Assets and Long-term Obligations.** The UW recorded a prior period \$67.3 million adjustment to governmental long-term obligations to properly report their Internal Lending Program.

The Department of Transportation recorded a prior period adjustment of \$244.4 million to governmental long-term obligations to record a land bank agreement with Sound Transit. Activities associated with the land bank agreement are exchange-like transactions where Sound Transit provides funding for highway improvements in exchange for future lease credits or conveyance of land of approximately equal value.

Fund equity at July 1, 2013, has been restated as follows (expressed in thousands):

	Fund equity (deficit) at June 30, 2013, as previously reported	Fund Reclassification	Prior Period Adjustment	Fund equity (deficit) as restated, July 1, 2013
<b>Governmental Funds:</b>				
General	\$ 1,382,590	\$ 7	\$ -	\$ 1,382,597
Higher Education Special Revenue	2,362,726	-	124,990	2,487,716
Higher Education Endowment	3,378,871	-	(401,050)	2,977,821
Nonmajor Governmental	5,300,960	(7)	(44)	5,300,909
<b>Proprietary Funds:</b>				
Enterprise Funds:				
Workers' Compensation	(9,624,819)	-	-	(9,624,819)
Unemployment Compensation	3,469,741	-	-	3,469,741
Higher Education Student Services	1,359,209	-	74,188	1,433,397
Guaranteed Education Tuition Program	(161,107)	-	-	(161,107)
Nonmajor Enterprise	99,212	-	-	99,212
Internal Service Funds	271,285	-	-	271,285
<b>Fiduciary Funds:</b>				
Private Purpose Trust	4,566	-	-	4,566
Local Government Investment Pool	8,734,156	-	-	8,734,156
Pension and Other Employee Benefit Plans	74,869,876	-	-	74,869,876
<b>Component Units:</b>				
Public Stadium	329,627	-	-	329,627
Health Benefit Exchange	10,059	-	-	10,059
Valley Medical Center	-	-	205,858	205,858
Northwest Hospital	-	-	104,128	104,128
Nonmajor Component Units	124,702	-	-	124,702

## Note 3

### Deposits and Investments

#### A. DEPOSITS

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

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

At June 30, 2014, \$1.17 billion of the state's deposits with financial institutions were insured or collateralized, with the remaining \$11.3 million uninsured/uncollateralized.

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

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##### 1. Summary of Investment Policies

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

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

In accordance with RCW 43.33A.110, the WSIB manages the pension fund portfolio to achieve maximum return at a prudent level of risk. The WSIB establishes asset allocation targets that must be considered at all times when making

investment decisions. The asset mix may deviate from the target. Deviations greater than predetermined acceptable levels require rebalancing back to the target. When an asset class exceeds its range, the goal of rebalancing is to meet the target allocation within consideration of the other remaining asset classes.

**Eligible Investments.** The WSIB is authorized by statute as having investment management responsibility for pension funds. The WSIB is authorized to invest as provided by statute (chapter 43.33A RCW) and WSIB policy in the following: U.S. treasury bills; discount notes; repurchase agreements; reverse repurchase agreements; banker's acceptances; commercial paper; guaranteed investment contracts; U.S. government and agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; non-U.S. dollar bonds; investment grade corporate bonds; non-investment grade corporate bonds; publicly traded mortgage-backed securities; privately placed mortgages; private placements of corporate debt; U.S. and foreign common stock; U.S. preferred stock; convertible securities; private equity including but not limited to investment corporations, partnerships, and limited liability companies for venture capital, leveraged buy-outs, real estate, and other tangible assets, or other forms of private equity; asset-backed securities; and derivative securities including futures, options on futures, forward contracts, and swap transactions. There were no violations of these investment restrictions during fiscal year 2014.

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

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

The CTF consists of the Public Employees' Retirement System (PERS) Plans 1 and 2/3, Teachers' Retirement System (TRS) Plans 1 and 2/3, School Employees' Retirement System (SERS) Plans 2/3, Law Enforcement Officers' and Fire Fighters' Retirement Plans 1 and 2, Washington State Patrol Retirement System Plans 1 and 2, Public Safety Employees' Retirement System Plan 2, Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund, and the Higher Education Retirement Supplemental Benefit Fund. PERS Plan 3, TRS Plan 3, and SERS Plan 3 are hybrid defined benefit/defined contribution plans. The participants of those plans have the option to direct their contributions to the CTF or

invest their defined contributions in other external options not managed by the WSIB.

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

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

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

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

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

The fixed income segment is managed to achieve the highest return possible consistent with the desire to control asset volatility, emphasize high yield to maturity

opportunities to add value through active management, provide diversification to the overall investment program, and to meet or exceed the return of the Barclays Capital Universal Bond Index, with volatility similar to or less than the index.

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

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

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

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



The private equity investment portfolio is managed to meet or exceed the returns of the Russell 3000 by 300 basis points in the long term. To meet the return and plan objectives, the private equity portfolio has diversified investments in companies in a variety of growth stages. The portfolio also includes a broad cross-section of opportunities in different industries and geographic regions.

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

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

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

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

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

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

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

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

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

## **2. Unfunded Commitments**

The WSIB has entered into a number of agreements that commit the pension trust funds, upon request, to make additional investment purchases up to predetermined amounts. As of June 30, 2014, the pension trust funds had unfunded commitments of \$10.40 billion, \$8.43 billion, \$1.12 billion, and \$26.8 million in private equity, real estate, tangible assets, and the innovation portfolio, respectively.

## **3. Securities Lending**

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

The fair value of the securities on loan at June 30, 2014, was approximately \$3.64 billion. The pension trust funds report securities on loan in their respective categories in the Statement of Net Position. At June 30, 2014, cash collateral received totaling \$1.09 billion is reported as securities lending obligation, and the fair value of the reinvested cash collateral totaling \$1.09 billion is reported as security lending collateral in the Statement of Net Position. Securities received as collateral for which the pension trust funds do not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities in the Statement of Net Position. Total securities received as collateral at June 30, 2014, was \$2.63 billion.

During the fiscal year, debt and equity securities were loaned and collateralized by the pension trust funds' agent with cash, U.S. government or U.S. agency securities including U.S. agency mortgage-backed securities



(exclusive of letters of credit). When the loaned securities had collateral denominated in the same currency, the collateral requirement was 102 percent of the fair value, including accrued interest, of the securities loaned. All other securities were required to be collateralized at 105 percent of the fair value, including accrued interest, of the loaned securities.

The following table summarizes the securities held by the pension trust funds from reinvestment of cash collateral and securities received as collateral at June 30, 2014 (in thousands):

Mortgage-backed	\$2,407,871
Cash equivalents and other	557,900
Repurchase agreements	555,295
Yankee CD	201,197
<b>Total collateral held</b>	<b>\$3,722,263</b>

During fiscal year 2014, securities lending transactions could be terminated on demand by either the pension trust funds or the borrower. As of June 30, 2014, the cash collateral held had an average duration of 22.5 days and an average weighted final maturity of 82.2 days.

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

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

analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During fiscal year 2014, there were no significant violations of legal or contractual provisions and no failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the pension trust funds incurred no losses during fiscal year 2014 resulting from a default by either the borrowers or the securities lending agents.

#### 4. Interest Rate Risk

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

While the pension trust funds do not have a formal policy relating to interest rate risk, the pension trust funds' fixed income investments are actively managed to meet or exceed the return of the Barclays Capital Universal Index, with a duration target within plus or minus 20 percent of the duration of the portfolio's performance benchmark. As of June 30, 2014, the duration of the pension trust funds' fixed income investments was within the duration target of this index.

The two schedules below provide information about the interest rate risks associated with the pension trust funds' investments as of June 30, 2014. The schedules display various asset classes held by maturity in years, effective duration, and credit ratings. All debt securities are reported using the average life within the portfolio. The average life is a calculated estimate of the average time (in years) until maturity for these securities taking into account possible prepayments of principal.

**Pension Trust Funds**
**Schedule of Maturities and Effective Duration**
**June 30, 2014**

(expressed in thousands)

Investment Type	Fair Value	Maturity				Effective Duration
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Mortgage and other asset-backed securities	\$ 1,623,712	\$ 422,134	\$ 1,125,775	\$ 75,799	\$ 4	2.91
Corporate bonds	8,397,009	371,688	3,739,741	3,028,328	1,257,252	5.86
U.S. government and agency securities	7,103,700	900,427	5,528,755	475,115	199,403	3.30
Foreign government and agency securities	1,279,590	96,606	415,249	568,977	198,758	5.01
Total investments categorized	18,404,011	\$ 1,790,855	\$ 10,809,520	\$ 4,148,219	\$ 1,655,417	4.59
Investments not required to be categorized						
Cash and cash equivalents	1,816,341					
Equity securities	29,790,983					
Alternative investments	29,640,342					
Total investments not categorized	61,247,666					
<b>Total Investments</b>	<b>\$79,651,677</b>					

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

**Pension Trust Funds**
**Investment Credit Ratings**
**June 30, 2014**

(expressed in thousands)

Moody's Credit Rating	Investment Type				
	Mortgage and Other Asset-Backed Securities	Corporate Bonds	U.S. Government and Agency Securities	Foreign Government and Agency Securities	Total Fair Value
Aaa	\$ 1,611,718	\$ 579,365	\$ 7,103,700	\$ 275,224	\$ 9,570,007
Aa1	-	18,064	-	69,428	87,492
Aa2	-	199,171	-	84,007	283,178
Aa3	-	383,106	-	105,696	488,802
A1	1,285	438,470	-	-	439,755
A2	-	536,466	-	-	536,466
A3	-	717,510	-	94,950	812,460
Baa1	1,385	1,059,033	-	47,116	1,107,534
Baa2	9,324	1,495,374	-	167,446	1,672,144
Baa3	-	1,887,630	-	345,006	2,232,636
Ba1 or lower	-	1,082,820	-	90,717	1,173,537
<b>Total</b>	<b>\$ 1,623,712</b>	<b>\$ 8,397,009</b>	<b>\$ 7,103,700</b>	<b>\$ 1,279,590</b>	<b>\$18,404,011</b>

## 5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The pension trust funds' investment policies limit the fixed income securities to investment grade or higher at the time of purchase. Investment grade securities are those fixed income securities with a Moody's rating of Aaa to Baa or a Standard and Poor's rating of AAA to BBB. The rated debt investments of the pension trust funds as of June 30, 2014, were rated by Moody's and/or an equivalent national rating organization.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The policy of the pension trust funds states no corporate fixed income issue cost shall exceed 3 percent of cost at the time of purchase or 6 percent of fair value thereafter of the fund, and no high yield issues shall exceed 1 percent of cost or 2 percent of fair value of the fund. There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2014.

**Custodial Credit Risk.** Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the pension trust funds would not be able to recover the value of their deposits, investments, or collateral securities that are in the possession of an outside party.

The pension trust funds do not have a policy relating to custodial credit risk. The WSIB mitigates custodial credit risk by having its investment securities (excluding cash, cash equivalents, and repurchase agreements held as securities lending collateral) registered and held in the name of the WSIB for the benefit of the pension trust funds.

## 6. Foreign Currency Risk

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

The following schedule presents the exposure of pension fund investments to foreign currency risk. The schedule provides information on deposits and investments held in various foreign currencies. Private equity and real estate are presented according to the financial reporting currency of the individual funds. This is not a presentation of currency exposure relating to the underlying holdings. The schedule is stated in U.S. dollars.

**Pension Trust Funds**  
**Foreign Currency Exposure by Country**  
**June 30, 2014**  
(expressed in thousands)

Foreign Currency Denomination	Investment Type				Total
	Cash and Cash Equivalents	Debt Securities	Equity Securities	Alternative Assets	
Australia-Dollar	\$ 9,232	\$ 405,961	\$ 522,681	\$ 28,826	\$ 966,700
Brazil-Real	357	358,166	105,818	-	464,341
Canada-Dollar	13,324	-	900,026	-	913,350
Chile-Peso	-	124,855	4,030	-	128,885
China-Yuan	278	168,980	-	-	169,258
Columbia-Peso	-	141,446	-	-	141,446
Denmark-Krone	64	-	152,082	-	152,146
E.M.U.-Euro	34,862	-	3,336,481	2,633,627	6,004,970
Hong Kong-Dollar	3,664	-	483,688	-	487,352
Hungary-Forint	113	-	7,295	-	7,408
India-Rupee	613	88,901	156,074	-	245,588
Indonesia-Rupiah	179	56,966	63,128	-	120,273
Israel-Shekel	1,479	-	39,670	-	41,149
Japan-Yen	16,239	-	1,938,908	-	1,955,147
Malaysia-Ringgit	187	66,274	37,493	-	103,954
Mexico-Peso	38	129,025	52,258	-	181,321
New Taiwan-Dollar	1,835	-	146,808	-	148,643
New Zealand-Dollar	992	-	14,411	-	15,403
Nigeria-Naira	-	47,740	-	-	47,740
Norway-Krone	3,520	-	86,444	-	89,964
Philippines-Peso	4	38,843	19,228	-	58,075
Poland-Zloty	-	-	9,961	-	9,961
Singapore-Dollar	566	-	169,637	-	170,203
South Africa-Rand	(21)	-	90,188	-	90,167
South Korea-Won	227	-	115,453	-	115,680
Sweden-Krona	2,865	-	346,171	-	349,036
Switzerland-Franc	216	-	1,019,159	-	1,019,375
Thailand-Baht	133	47,116	48,119	-	95,368
Turkey-Lira	163	68,863	65,084	-	134,110
United Kingdom-Pound	10,515	-	2,463,312	-	2,473,827
Uruguay-Peso	-	53,138	-	-	53,138
<b>Total</b>	<b>\$ 101,644</b>	<b>\$ 1,796,274</b>	<b>\$ 12,393,607</b>	<b>\$ 2,662,453</b>	<b>\$ 16,953,978</b>

## 7. Derivatives

Pension trust funds are authorized to utilize various derivative financial instruments, including financial futures, forward contracts, interest rate swaps, credit default swaps, equity swaps, and options. Derivative transactions involve, to varying degrees, market and credit risk. At June 30, 2014, the pension trust funds held investments in financial futures and forward currency contracts that are recorded at fair value with changes in value recognized in investment income in the Statement of Changes in Net Position in the period of change. The derivative instruments are considered investment derivatives and not hedging derivatives.

Derivatives are generally used to achieve the desired market exposure of a security, index, or currency; adjust

portfolio duration; or rebalance the total portfolio to the target asset allocation. Derivative contracts are instruments that derive their value from underlying assets, indices, reference interest rates, or a combination of these factors.

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

Inherent in the use of OTC derivatives, the pension trust funds are exposed to counterparty credit risk on all open OTC positions. Counterparty credit risk is the risk that a derivative counterparty may fail to meet its payment

obligation under the derivative contract. As of June 30, 2014, the pension trust funds counterparty risk was not deemed to be significant.

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

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

At June 30, 2014, the pension trust funds had outstanding forward currency contracts with a net unrealized gain of \$14.8 million. The aggregate forward currency exchange contracts receivable and payable were \$1.05 billion and \$1.04 billion, respectively. The contracts have varying maturity dates ranging from July 31, 2014, to September 17, 2014.

At June 30, 2014, the pension trust funds' fixed income portfolio held derivative securities consisting of collateralized mortgage obligations with a fair value of \$163.3 million. Domestic and foreign passive equity index fund managers may also utilize various derivative securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative securities by passive equity index fund managers is unavailable.

Derivatives which are exchange traded are not subject to credit risk. The counterparty credit ratings for forward currency contracts that are subject to credit risk outstanding at June 30, 2014, had a credit rating of no less than Baa1 using Moody's rating scale.

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

<b>Pension Trust Funds</b>			
<b>Derivative Investments</b>			
<b>June 30, 2014</b>			
(expressed in thousands)			
	<b>Changes in Fair Value - Included in Investment Income (Loss) Amount</b>	<b>Fair Value - Investment Derivative Amount</b>	<b>Notional</b>
<b>Futures Contracts:</b>			
Bond index futures	\$ 20,161	\$ 3,391	\$ 769,300
Equity index futures	18,310	(195)	541
<b>Total</b>	<b>\$ 38,471</b>	<b>\$ 3,196</b>	<b>\$ 769,841</b>
<b>Forward Currency Contracts:</b>			
Australia-Dollar	\$ (1,965)	\$ (564)	\$ 29,266
Canada-Dollar	5,102	7,107	247,924
Denmark-Krone	3,822	(50)	10,381
E.M.U.-Euro	(12,830)	(1,104)	190,459
Hong Kong-Dollar	(139)	3	17,526
Israel-Shekel	(230)	(52)	5,182
Japan-Yen	4,713	(1,045)	133,181
New Zealand-Dollar	19,092	4,537	152,364
Norway-Krone	(47)	341	16,290
Singapore-Dollar	757	(1)	68
Sweden-Krona	132	(3)	70,159
Switzerland-Franc	790	(255)	29,397
United Kingdom-Pound	11,695	2,292	133,849
Miscellaneous	37	-	-
<b>Total</b>	<b>\$ 30,929</b>	<b>\$ 11,206</b>	<b>\$ 1,036,046</b>

## 8. Reverse Repurchase Agreements – None.

## C. INVESTMENTS – WORKERS’ COMPENSATION FUND

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### 1. Summary of Investment Policies

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

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

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

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

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

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

- Commercial mortgage-backed securities rated investment grade, as defined by Barclays Capital Global Family of Fixed Income Indices.

- Investment grade non-U.S. dollar bonds.

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

- All assets under the management of the WSIB are to be invested to maximize return at a prudent level of risk in accordance with RCW 43.33A.110 and RCW 43.33A.140.
- No corporate fixed income issue cost shall exceed 3 percent of the fund’s fair value at the time of purchase, nor shall its fair value exceed 6 percent of the fund’s fair value at any time.
- Asset allocations are to be reviewed every three to four years or sooner if there are significant changes in funding levels or the liability durations.
- Assets are to be rebalanced across asset classes when the fair value of the assets falls outside the policy ranges. The timing of any rebalancing will be based on market opportunities, cash flows, and the consideration of transaction costs; therefore, they need not occur immediately.
- Sector allocation for U.S. equities should be within a range of 55 percent to 65 percent. Allocation for international equities should be within a range of 35 percent to 45 percent.
- The benchmark and structure for U.S. equities will be the broad U.S. stock market as defined by the Morgan Stanley Capital International (MSCI) U.S. Investable Market Index. The benchmark and structure for international equities will be the MSCI All Country World Ex U.S. Investable Market Index. Both portfolios will be 100 percent passively managed in commingled index funds. The commingled funds may use futures for hedging or establishing a long position.
- Sector allocation of fixed income investments must be managed within the following prescribed ranges: U.S. treasuries and government agencies – 5 percent to 25 percent, credit bonds – 20 percent to 80 percent, asset-backed securities – 0 percent to 10 percent, commercial mortgage-backed securities – 0 percent to 10 percent, and mortgage-backed securities – 0 percent to 25 percent. These targets are long-term in nature. Deviations may occur in the short term as a result of interim market conditions. However, if a range is

exceeded, the portfolios must be rebalanced to the target allocations as soon as it is practical.

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

## 2. Securities Lending

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

The fair value of the securities on loan at June 30, 2014, was approximately \$69.4 million. The Workers' Compensation Fund reports securities on loan in the Statement of Net Position in their respective categories. At June 30, 2014, cash collateral received totaling \$4.1 million is reported as a securities lending obligation, and the fair value of the reinvested cash collateral totaling \$4.1 million is reported as security lending collateral in the Statement of Net Position. Securities received as collateral for which the Workers' Compensation Fund does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities in the Statement of Net Position. Total securities received as collateral at June 30, 2014, was \$66.9 million.

During fiscal year 2014, debt securities were loaned and collateralized by the Workers' Compensation Fund's agent with cash and U.S. government or U.S. agency securities including U.S. agency mortgage-backed securities (exclusive of letters of credit). When the loaned securities had collateral denominated in the same currency, the collateral requirement was 102 percent of the fair value, including accrued interest, of the securities loaned. All other securities were required to be collateralized at 105 percent of the fair value, including accrued interest, of the loaned securities.

The following table summarizes the securities held from reinvestment of cash collateral and securities received as collateral at June 30, 2014 (in thousands):

Mortgage-backed	\$66,867
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Repurchase agreements	2,093
Cash equivalents and other	1,264
Yankee CD	758
<b>Total collateral held</b>	<b>\$70,982</b>

During fiscal year 2014, securities lending transactions could be terminated on demand by either the Workers' Compensation Fund or the borrower. As of June 30, 2014, the cash collateral held had an average duration of 22.5 days and an average weighted final maturity of 82.2 days. Because the securities lending agreements were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. Non-cash collateral could not be pledged or sold absent borrower default. No more than 20 percent of the total on loan value can be held by a specific borrower. Collateral investment guidelines specifically prohibit European domiciled holdings. There are no restrictions on the amount of securities that can be lent.

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

During fiscal year 2014, there were no significant violations of legal or contractual provisions, no failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the Workers' Compensation Fund incurred no losses during fiscal year 2014 resulting from a default by either the borrowers or the securities lending agents.

## 3. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. While the Workers' Compensation Fund does not have a formal policy relating to interest rate risk, the risk is managed within the Workers' Compensation Fund portfolio using effective duration which is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those investments. As of June 30, 2014, the Workers' Compensation Fund portfolio durations were within the prescribed duration targets.

The two schedules below provide information about the interest rate risks associated with the Workers' Compensation Fund investments as of June 30, 2014. The

schedules display various asset classes held by maturity in years, effective duration, and credit ratings. All debt securities are reported using the average life within the

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

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**Workers' Compensation Fund**

**Schedule of Maturities and Effective Duration**

**June 30, 2014**

(expressed in thousands)

Investment Type	Fair Value	Maturity				Effective Duration
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Mortgage and other asset-backed securities	\$ 2,066,899	\$ 76,875	\$ 1,667,484	\$ 264,417	\$ 58,123	3.63
Corporate bonds	8,660,211	275,063	3,494,935	1,668,569	3,221,644	7.59
U.S. government and agency securities	1,075,340	70,022	974,154	31,164	-	3.46
Foreign government and agencies	507,173	48,136	213,168	190,870	54,999	5.40
Total investments categorized	12,309,623	\$ 470,096	\$ 6,349,741	\$ 2,155,020	\$ 3,334,766	6.48
Investments not required to be categorized						
Commingled investment trusts	1,886,836					
Cash and cash equivalents	306,092					
Total investments not categorized	2,192,928					
<b>Total Investments</b>	<b>\$ 14,502,551</b>					

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

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**Workers' Compensation Fund**

**Investment Credit Ratings**

**June 30, 2014**

(expressed in thousands)

Moody's Equivalent Credit Rating	Investment Type				Total Fair Value
	Mortgage and Other Asset-Backed Securities	Corporate Bonds	U.S. Government and Agency Securities	Foreign Government and Agencies	
Aaa	\$ 2,016,472	\$ 381,324	\$ 1,075,340	\$ 212,325	\$ 3,685,461
Aa2	-	52,623	-	95,857	148,480
Aa3	50,427	1,152,991	-	62,584	1,266,002
A1	-	791,003	-	38,805	829,808
A2	-	1,176,508	-	-	1,176,508
A3	-	1,293,549	-	-	1,293,549
Baa1	-	1,276,628	-	17,340	1,293,968
Baa2	-	1,502,409	-	10,865	1,513,274
Baa3	-	757,247	-	69,397	826,644
Ba1 or lower	-	275,929	-	-	275,929
<b>Total</b>	<b>\$ 2,066,899</b>	<b>\$ 8,660,211</b>	<b>\$ 1,075,340</b>	<b>\$ 507,173</b>	<b>\$ 12,309,623</b>

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#### 4. Credit Risk

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

The rated debt investments of the Workers' Compensation Fund as of June 30, 2014, were rated by Moody's and/or an equivalent national rating organization.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Workers' Compensation Fund policy states that no corporate fixed income issue cost shall exceed 3 percent of the fund's fair value at the time of purchase, nor shall its fair value exceed 6 percent of the fund's fair value at any time. There was no concentration of credit risk as of June 30, 2014.

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

#### 5. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Workers' Compensation Fund does not have a formal policy to limit foreign currency risk. At June 30, 2014, the only securities held by the Workers' Compensation Fund with potential foreign currency exposure were \$682.4 million invested in an international commingled equity index fund.

#### 6. Derivatives

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

positions outstanding, 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.

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, 2014, the only derivative securities held directly by the Workers' Compensation Fund were collateralized mortgage obligations of \$1.47 billion.

#### 7. Reverse Repurchase Agreements – None.

### D. INVESTMENTS – LOCAL GOVERNMENT INVESTMENT POOL

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#### 1. Summary of Investment Policies

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

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

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

Investments, other than bank deposits, are valued at amortized cost. The bank deposits are valued at historical cost. Both valuation methods approximate fair value. Security transactions are reported on a trade date basis in accordance with generally accepted accounting principles.

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

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

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

The LGIP will be structured with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the pool.

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

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- Obligations of government-sponsored corporations that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.
- Banker's acceptances purchased on the secondary market rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. If the banker's acceptance is rated by more than two NRSROs, it must have the highest rating from all of the organizations.
- Commercial paper provided that the OST adheres with policies and procedures of the Washington State Investment Board regarding commercial paper (RCW 43.84.080(7)).
- Certificates of deposit or demand deposits with financial institutions qualified by the Washington Public Deposit Protection Commission.
- Obligations of the state of Washington or its political subdivisions.

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

- Investments are restricted to fixed rate securities that mature in 397 days or less, except securities utilized in repurchase agreements and U.S. government floating or variable rate notes which may have a maximum maturity of 762 days, provided they have reset dates within one year and that on any reset date can

reasonably be expected to have a fair value that approximates their amortized cost.

- The weighted average maturity of the portfolio will not exceed 60 days.
- The weighted average life of the portfolio will not exceed 120 days.
- The purchase of investments in securities other than those issued by the U.S. government or its agencies will be limited.
- Cash generated through securities lending or reverse repurchase agreement transactions will not increase the dollar amount of specified investment types beyond stated limits.

## 2. Securities Lending

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

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

During fiscal year 2014, the LGIP lent U.S. Agency and Treasury securities. Cash collateral was reinvested in repurchase agreements and interest bearing bank deposits. At fiscal year end, there were no securities on loan.

The LGIP investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the LGIP. During fiscal year 2014, the LGIP had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the LGIP. Furthermore, contracts require the lending agent to indemnify the LGIP if the borrowers fail to return securities and if collateral is inadequate to replace the securities lent, or if the borrower

fails to pay the LGIP for income distribution by the securities' issuers while the securities are on loan.

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

### 3. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an

investment. The LGIP portfolio is invested in a manner generally consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940, as it currently stands, i.e., money market funds. To a great extent, the Rule 2a-7 investment guidelines and LGIP policy restrictions are directed towards limiting interest rate risk in order to maintain a stable net asset value. As of June 30, 2014, the LGIP had a weighted average maturity of 30 days and a weighted average life of 85 days.

The following schedule presents the LGIP investments and related maturities, and provides information about the associated interest rate risks as of June 30, 2014:

<b>Local Government Investment Pool (LGIP)</b>				
<b>June 30, 2014</b>				
(expressed in thousands)				
<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturity</b>		
		<b>Less than 1 Year</b>	<b>1-5 Years</b>	
U.S. agency obligations	\$ 8,286,216	\$ 7,667,646	\$ 618,570	
U.S. government obligations	649,887	349,930	299,957	
Repurchase agreements	1,200,000	1,200,000	-	
Interest bearing bank accounts	958,200	958,200	-	
Certificates of deposit and other	62,451	62,451	-	
<b>Total</b>	<b>\$ 11,156,754</b>	<b>\$ 10,238,227</b>	<b>\$ 918,527</b>	

### 4. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The LGIP investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances, commercial paper, deposits with qualified public depositories, and obligations of the state of Washington or its political subdivisions.

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

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

Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the LGIP's exposure to risk and insure the safety of the investment. All securities utilized in repurchase agreements were rated AAA by Moody's and AA+ by Standard & Poor's. The fair value of securities utilized in repurchase agreements must be at least 102 percent of the value of the repurchase agreement.

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

Repurchase agreements comprise 10.8 percent of the total portfolio as of June 30, 2014. The LGIP limits the securities utilized in repurchase agreements to U.S. Treasury and U.S. Agency securities. The LGIP requires delivery of all securities utilized in repurchase agreements and the securities are priced daily.

As of June 30, 2014, U.S. Treasury securities comprised 5.8 percent of the total portfolio. U.S. Agency securities

comprised 74.3 percent of the total portfolio, including Federal Home Loan Bank (63.6 percent), Federal Home Loan Mortgage Corporation (0.9 percent), Federal Farm Credit Bank (8.9 percent), and Federal National Mortgage Association (0.9 percent).

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

#### **6. Derivatives - None.**

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

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

The securities utilized in repurchase agreements are priced daily and held by the LGIP's custodian in the state's name. Collateralized mortgage obligations utilized in repurchase agreements must pass the Federal Financial Institutions Examination Council test, or not exceed a volatility rating of V-5 by Fitch Investor Services, or a similar rating of a nationally recognized rating agency. As of June 30, 2014, repurchase agreements totaled \$1.20 billion.

State law also permits the LGIP to enter into reverse repurchase agreements which are, by contract, sales of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The 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. During fiscal year 2014, the LGIP did not enter into any reverse repurchase agreements.

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

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

The investments of the University of Washington represent 71 percent of the total investments in Higher Education Special Revenue, Endowment, and Student Services Funds.

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

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

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

The University combines most short-term cash balances in the Invested Funds Pool. At June 30, 2014, the Invested Funds Pool totaled \$1.61 billion. The fund also owns units in the Consolidated Endowment Fund valued at \$668.9 million on June 30, 2014.

By University policy, departments with qualifying funds in the Invested Funds Pool receive distributions based on their average balances and on the type of balance. Campus depositors received 2 percent in fiscal year 2014. Endowment operating and gift accounts received 3 percent in fiscal year 2014 with the distributions directed to University Advancement. The difference between the actual earnings of the Invested Funds Pool and the calculated distributions is used to support activities benefiting all University departments.

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

Under the CEF spending policy approved by the Board of Regents, quarterly distributions to programs are based on an annual percentage rate of 4 percent applied to the five-year rolling average of the CEF's market valuation. Additionally, the policy allows for an administrative fee of 1 percent supporting campus-wide fundraising and stewardship activities and offsetting the internal cost of managing endowment assets.

The University records its permanent endowments at the lower of original gift value or current market value in the Restricted Nonexpendable Net Position category. Of the endowments that are recorded at current market value, the net deficiency from the original gift value is \$4.7 million at June 30, 2014.

Funds in irrevocable trusts managed by trustees other than the University are not reported in the financial statements. The fair value of these funds was \$111.8 million at June 30,

2014. Income received from these trusts, which is included in investment income, was \$2.3 million for the year ended June 30, 2014.

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. The University realized net gains of \$58.7 million in 2014 from the sale of investments.

The calculation of realized gains and losses is independent of the net appreciation of the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and are sold in the current year include the net appreciation of these investments reported in the prior year(s). The net appreciation in the fair value of investments during the year ended June 30, 2014, was \$397.9 million.

The following schedule presents the fair value of the University's investments by type at June 30, 2014:

<b>University of Washington</b> <b>June 30, 2014</b> (expressed in thousands)	
<b>Investment Type</b>	<b>Fair Value</b>
Cash equivalents	\$ 3,394
Fixed income	1,972,553
Equity	1,672,262
Non-marketable alternatives	349,778
Absolute return	509,476
Real assets	219,069
Miscellaneous	4,724
<b>Total</b>	<b>\$ 4,731,256</b>

## 2. Funding Commitments

The University enters into contracts with investment managers to fund alternative investments. As of June 30, 2014, the University had outstanding commitments to fund alternative investments in the amount of \$262.2 million.

## 3. Securities Lending

The University's investment policies permit it to lend its securities to broker dealers and other entities. As of June 30, 2014, the University had no securities on loan.

## 4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income securities. The University manages interest rate risk through its investment policies and the investment guidelines established with each manager. Each fixed

income manager is assigned a maximum boundary for duration as compared to the manager's relevant benchmark index. The goal is to allow ample freedom for the manager to perform while controlling the interest rate risk in the portfolio.

Effective duration is a commonly used measure of interest rate risk. The longer the duration, the more sensitive the portfolio is to changes in interest rates. The weighted average effective duration of the University's fixed income portfolio was 1.91 years at June 30, 2014.

## 5. Credit Risk

Fixed income securities are subject to credit risk, which is the risk that the issuer or other counterparty to a financial instrument will not fulfill its obligations, or that negative perceptions of the issuer's ability to make these payments will cause prices to decline.

The University's investment policies limit fixed income exposure to investment grade assets. The investment policy for the Invested Funds' cash pool requires each manager to maintain an average quality rating of AA as issued by a nationally recognized rating organization. The investment policy for the Invested Funds' liquidity pool requires each manager to maintain an average quality rating of A and to hold at least 25 percent of their portfolios in government and government agency issues.

The investment policy for the CEF reflects its long-term nature by specifying average quality rating levels by individual manager, but still restricting investments to investment grade credits.

**Custodial Credit Risk.** Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University does not have a formal policy regarding custodial credit risk.

However, all University investments in the CEF and the Invested Funds Pool are held in the name of the University and are not subject to custodial credit risk.

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

The composition of the fixed income securities at June 30, 2014, along with credit quality and effective duration measures is summarized below. The schedule excludes \$35.8 million of fixed income securities held outside the CEF and the Invested Funds Pool, which makes up 1.81 percent of the University's investments.

**University of Washington**  
**Invested Funds Pool and Consolidated Endowment Fund**  
**Fixed Income Credit Quality and Effective Duration**  
**June 30, 2014**  
(expressed in thousands, duration in years)

Investments	U.S. Government	Investment Grade	Non-Invest- ment Grade	Not Rated	Total	Duration (in years)
U.S. treasuries	\$ 877,812	\$ -	\$ -	\$ -	\$ 877,812	1.94
U.S. government agency	597,761	-	-	-	597,761	1.91
Mortgage-backed	-	103,105	93,889	-	196,994	2.20
Asset-backed	-	178,075	8,495	1,281	187,851	0.94
Corporate and other	-	79,195	549	-	79,744	3.03
<b>Total</b>	<b>\$ 1,475,573</b>	<b>\$ 360,375</b>	<b>\$ 102,933</b>	<b>\$ 1,281</b>	<b>\$ 1,940,162</b>	<b>1.91</b>

## 6. Foreign Currency Risk

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

classes that can include foreign currency exposure. To manage foreign currency exposure, the University also enters into foreign currency forward contracts, futures contracts, and options. The University held non-U.S. denominated securities at June 30, 2014, of \$1.03 billion.

The following schedule details the market value of foreign denominated securities by currency type:

<b>University of Washington</b> <b>Consolidated Endowment Fund</b> <b>Foreign Currency Risk</b> <b>June 30, 2014</b> (expressed in thousands)	
<b>Foreign Currency</b>	<b>Amount</b>
E.M.U.-Euro	\$ 156,509
China-Renminbi	126,848
India-Rupee	100,451
Japan-Yen	65,017
Brazil-Real	56,611
Russia-Ruble	56,517
Britain-Pound	54,281
Hong Kong-Dollar	50,663
South Korea-Won	49,150
Canada-Dollar	41,888
Switzerland-Franc	39,900
Taiwan-Dollar	30,894
Philippines-Peso	18,974
Indonesia-Rupiah	14,732
Remaining currencies	166,883
<b>Total</b>	<b>\$1,029,318</b>

## 7. Derivatives

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

using listed price quotations or amounts that approximate fair value.

Credit exposure represents exposure to counterparties relating to financial instruments where gains exceed collateral held by the University or losses are less than the collateral posted by the University. There was no credit exposure as of June 30, 2014. The University had no hedging derivatives, only derivatives for investment purposes.

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

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

<b>University of Washington</b> <b>Derivative Investments</b> <b>June 30, 2014</b> (expressed in thousands)			
<b>Category</b>	<b>Changes in Fair Value - Included in Investment Income (Loss) Amount</b>	<b>Fair Value - Investment Derivative Amount</b>	<b>Notional</b>
Futures contracts	\$ 766	\$ 18,815	\$ 18,049

## 8. Reverse Repurchase Agreements – None.

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

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

The Office of the State Treasurer (OST) operates the state's Cash Management Account for investing Treasury/Trust Funds in excess of daily requirements.

The overall objective of the OST investment policy is to construct, from eligible investments noted below, an investment portfolio that is optimal or efficient. An optimal or efficient portfolio is one that provides the greatest expected return for a given expected level of risk, or the lowest expected risk for a given expected return.

The emphasis on "expected" is to recognize that investment decisions are made under conditions of risk and uncertainty. Neither the actual risk nor return of any investment decision is known with certainty at the time the decision is made.

**Eligible Investments.** Eligible investments are only those securities and deposits authorized by statute (chapters 39.58, 39.59, 43.250, and 43.84.080 RCW). Eligible investments include:

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- Obligations of government-sponsored enterprises that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.
- Banker's acceptances purchased on the secondary market rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. If the banker's acceptance is rated by more than two NRSROs, it must have the highest rating from all of the organizations.
- Commercial paper provided that the OST adheres to policies and procedures of the Washington State Investment Board regarding commercial paper (RCW 43.84.080(7)).
- Certificates of deposit with financial institutions qualified by the Washington Public Deposit Protection Commission.
- Local Government Investment Pool (LGIP).
- Obligations of the state of Washington or its political subdivisions.

**Investment Restrictions.** To provide for the safety and liquidity of Treasury/Trust Funds, the Cash Management Account investment portfolio is subject to the following restrictions:

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

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

### **2. Securities Lending**

State statutes permit the OST to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The OST has contracted with Citibank, N.A. as a lending agent and receives a share of income earned from this activity. The lending agent lends securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the 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 accordance with investment guidelines approved by the OST. The securities held as collateral and the securities underlying the cash collateral are held by the custodian. One option available to the lending agent is to invest cash collateral into an OST account in the LGIP. At June 30, 2014, cash collateral totaled \$152.7 million, all of which was invested in the LGIP.

Contracts require the lending agent to indemnify the OST if the borrowers fail to return securities and if the collateral is inadequate to replace the securities lent, or if the borrower fails to pay the OST for income distribution by the securities' issuers while the securities are on loan. The OST cannot pledge or sell collateral securities received unless the borrower defaults. At June 30, 2014, the fair value of securities on loan totaled \$149.1 million.

The OST investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the OST. During fiscal year 2014, the OST had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the OST.



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

### 3. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Treasury/Trust investments are separated

into portfolios with objectives based primarily on liquidity needs.

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

The following schedule presents the OST investments and related maturities, and provides information about the associated interest rate risks as of June 30, 2014:

Office of the State Treasurer (OST) Cash Management Account June 30, 2014 (expressed in thousands)				
Investment Type	Fair Value	Maturity		
		Less than 1 Year	1-5 Years	
U.S. agency obligations	\$ 2,122,490	\$ 421,760	\$ 1,700,730	
U.S. government obligations	956,999	55,794	901,205	
Certificates of deposit	165,000	165,000	-	
Investments with LGIP	2,024,072	2,024,072	-	
Interest bearing bank accounts	180,929	180,929	-	
<b>Total</b>	<b>\$ 5,449,490</b>	<b>\$ 2,847,555</b>	<b>\$ 2,601,935</b>	

### 4. Credit Risk

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

**Custodial Credit Risk.** The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The OST investment policy requires that securities purchased by the office be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the OST's exposure to risk and insure the safety of the investment.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. For non-governmental securities, the OST limits its exposure to concentration of credit risk by restricting the amount of investments to no more than 5 percent of the portfolio to

any single issuer. During fiscal year 2014, the OST did not own any non-governmental securities subject to this restriction.

### 5. Foreign Currency Risk - None.

### 6. Derivatives - None.

### 7. Repurchase and Reverse Repurchase Agreements

The fair 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.

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

The securities utilized in repurchase agreements with a maturity date longer than seven days are priced at least weekly and are held by the Treasury/Trust custodian in the state's name. Collateralized mortgage obligations utilized in repurchase agreements must pass the Federal Financial

Institutions Examination Council test or not exceed a volatility rating of V-5 by Fitch Investor Services, or a similar rating of a nationally recognized rating agency. There were no repurchase agreements as of June 30, 2014.

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. There were no reverse repurchase agreements during fiscal year 2014.

## Note 4

### Receivables, Unearned and Unavailable Revenues

#### A. GOVERNMENTAL FUNDS

##### Taxes Receivable

Taxes receivable at June 30, 2014, consisted of the following (expressed in thousands):

Taxes Receivable	General	Higher Education		Nonmajor Governmental		Total
		Special Revenue	Endowment	Funds		
Property	\$ 1,011,340	\$ -	\$ -	\$ 216		\$ 1,011,556
Sales	1,588,122	-	-	-		1,588,122
Business and occupation	574,684	-	-	-		574,684
Estate	1,004	18,602	-	-		19,606
Fuel	-	-	-	121,007		121,007
Liquor	-	-	-	5,004		5,004
Other	23,406	306	-	272		23,984
Subtotals	3,198,556	18,908	-	126,499		3,343,963
Less: Allowance for uncollectible receivables	43,774	-	-	423		44,197
<b>Total Taxes Receivable</b>	<b>\$ 3,154,782</b>	<b>\$ 18,908</b>	<b>\$ -</b>	<b>\$ 126,076</b>		<b>\$ 3,299,766</b>

##### Other Receivables

Other receivables at June 30, 2014, consisted of the following (expressed in thousands):

Other Receivables	General	Higher Education		Nonmajor Governmental		Total
		Special Revenue	Endowment	Funds		
Public assistance <sup>(1)</sup>	\$ 772,908	\$ -	\$ -	\$ -		\$ 772,908
Accounts receivable	132,417	764,427	1,000	201,260		1,099,104
Interest	61	6,921	4,826	2,552		14,360
Investment trades pending	25,288	1,010	-	20,169		46,467
Loans <sup>(2)</sup>	6,269	134,155	-	454,974		595,398
Long-term contracts <sup>(3)</sup>	2,221	-	20,636	93,898		116,755
Miscellaneous	18,222	98,684	8,130	189,805		314,841
Subtotals	957,386	1,005,197	34,592	962,658		2,959,833
Less: Allowance for uncollectible receivables	762,110	29,506	27	65,573		857,216
<b>Total Other Receivables</b>	<b>\$ 195,276</b>	<b>\$ 975,691</b>	<b>\$ 34,565</b>	<b>\$ 897,085</b>		<b>\$ 2,102,617</b>

Notes:

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

<sup>(2)</sup> Significant long-term portions of loans receivable include \$97.4 million in the Higher Education Special Revenue Fund for student loans and \$443.8 million in Nonmajor Governmental Funds for low income housing, public works, and economic development/revitalization loans.

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

## Unearned Revenue

Unearned revenue at June 30, 2014, consisted of the following (expressed in thousands):

Unearned Revenue	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Other taxes	\$ 1,566	\$ -	\$ -	\$ -	\$ 1,566
Charges for services	49,504	201,251	582	26,620	277,957
Child support	19,745	-	-	-	19,745
Donable goods	-	-	-	8,086	8,086
Grants and donations	8,786	1,317	-	3,371	13,474
Prepaid tolls	-	-	-	13,057	13,057
Seizure of forfeited assets	-	-	-	3,453	3,453
Miscellaneous	4,039	9,406	-	19,413	32,858
<b>Total Unearned Revenue</b>	<b>\$ 83,640</b>	<b>\$ 211,974</b>	<b>\$ 582</b>	<b>\$ 74,000</b>	<b>\$ 370,196</b>

## Unavailable Revenue

Unavailable revenue at June 30, 2014, consisted of the following (expressed in thousands):

Unavailable Revenue	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Property taxes	\$ 988,137	\$ -	\$ -	\$ 112	\$ 988,249
Other taxes	407,406	14,326	-	202	421,934
Timber sales	2,221	-	20,636	93,898	116,755
Charges for services	18,675	-	-	1,504	20,179
Loan programs	-	-	-	861,903	861,903
Miscellaneous	5,109	-	-	44,214	49,323
<b>Total Unavailable Revenue</b>	<b>\$ 1,421,548</b>	<b>\$ 14,326</b>	<b>\$ 20,636</b>	<b>\$ 1,001,833</b>	<b>\$ 2,458,343</b>

## **B. PROPRIETARY FUNDS**

### **Other Receivables**

Other receivables at June 30, 2014, consisted of the following (expressed in thousands):

Other Receivables	Business-Type Activities						Governmental
	Enterprise Funds						Activities
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program	Nonmajor Enterprise Funds	Total	Internal Service Funds
Accounts receivable	\$ 767,794	\$ 826,479	\$ 257,994	\$ 55,004	\$ 24,440	\$ 1,931,711	\$ 12,200
Financing reimbursement	-	-	-	-	-	-	19,025
Interest	106,896	-	9,140	6,327	-	122,363	11
Investment trades pending	41,221	-	-	582	-	41,803	4,919
Miscellaneous	10,269	-	13,192	-	6	23,467	2,224
Subtotals	926,180	826,479	280,326	61,913	24,446	2,119,344	38,379
Less: Allowance for uncollectible receivables	143,874	186,227	72,966	-	224	403,291	484
Total Other Receivables	\$ 782,306	\$ 640,252	\$ 207,360	\$ 61,913	\$ 24,222	\$ 1,716,053	\$ 37,895

### **Unearned Revenue**

Unearned revenue at June 30, 2014, consisted of the following (expressed in thousands):

Unearned Revenue	Business-Type Activities							Governmental
	Enterprise Funds							Activities
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program	Nonmajor Enterprise Funds	Total	Internal Service Funds	
Charges for services	\$ -	\$ -	\$ 52,976	\$ -	\$ -	\$ 52,976	\$ 1,311	
Federal assistance	6,182	-	-	-	-	\$ 6,182	-	
Other taxes	154	-	-	-	-	154	-	
Miscellaneous	384	-	3,276	-	613	4,273	82	
Total Unearned Revenue	\$ 6,720	\$ -	\$ 56,252	\$ -	\$ 613	\$ 63,585	\$ 1,393	

## **C. FIDUCIARY FUNDS**

### **Other Receivables**

Other receivables at June 30, 2014, consisted of \$6.2 million for interest and other miscellaneous amounts.

### **Unearned Revenue**

Unearned revenue at June 30, 2014, consisted of \$310 thousand for service credit restorations reported in Pension and Other Employee Benefit Plans.

## Note 5

### Interfund Balances and Transfers

#### A. INTERFUND BALANCES

Interfund balances as reported in the financial statements at June 30, 2014, consisted of the following (expressed in thousands):

Due To	Due From				
	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Workers' Compensation
General	\$ -	\$ 51,715	\$ -	\$ 153,703	\$ 243
Higher Education Special Revenue	50,484	-	-	320,194	298
Higher Education Endowment	-	-	-	6	-
Nonmajor Governmental Funds	190,544	758	2,561	197,644	52
Workers' Compensation	1,289	-	-	5	-
Unemployment Compensation	1,378	1,951	-	846	81
Higher Education Student Services	796	1,050	-	1,216	220
Guaranteed Education Tuition Program	1	-	-	-	-
Nonmajor Enterprise Funds	6,283	60	-	638	18
Internal Service Funds	22,119	1,037	-	21,916	5,386
Fiduciary Funds	-	-	-	-	-
<b>Totals</b>	<b>\$ 272,894</b>	<b>\$ 56,571</b>	<b>\$ 2,561</b>	<b>\$ 696,168</b>	<b>\$ 6,298</b>

Nearly 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. Interfund balances include: (1) a \$19.6 million loan from a nonmajor governmental fund to the General Fund which is expected to be paid over the next six years; and (2) a \$7.2 million loan between nonmajor governmental funds which is expected to be paid over the next eight years.

In addition to the interfund balances noted in the schedule above, there are interfund balances of \$7.1 million within the state's Pension Trust Funds.

Due From						
Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Totals
\$ 8	\$ 4	\$ 118	\$ 17,245	\$ 406	\$ -	\$ 223,442
1	470,428	1	282	74,108	68	915,864
-	-	-	-	-	-	6
17,047	7	3	65	1,498	-	410,179
-	-	-	-	-	-	1,294
-	37	-	17	31	-	4,341
-	-	-	-	76	-	3,358
-	-	-	-	-	-	1
7	22	7	402	479	2	7,918
-	111	10	318	31,850	-	82,747
-	-	-	-	-	-	-
\$ 17,063	\$ 470,609	\$ 139	\$ 18,329	\$ 108,448	\$ 70	\$ 1,649,150

## **B. INTERFUND TRANSFERS**

Interfund transfers as reported in the financial statements for the year ended June 30, 2014, consisted of the following (expressed in thousands):

Transferred From	Transferred To				
	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Workers' Compensation
General	\$ -	\$ -	\$ -	\$ 950,452	\$ -
Higher Education Special Revenue	59,588	-	527,133	133,490	-
Higher Education Endowment	-	633,936	-	34,370	-
Nonmajor Governmental Funds	323,617	212,587	1,121	988,092	-
Workers' Compensation	-	-	-	-	-
Unemployment Compensation	-	-	-	-	-
Higher Education Student Services	-	322,498	-	3,520	-
Guaranteed Education Tuition Program	-	-	-	-	-
Nonmajor Enterprise Funds	129,017	10,050	-	11,107	-
Internal Service Funds	5,778	9,946	-	-	-
<b>Totals</b>	<b>\$ 518,000</b>	<b>\$ 1,189,017</b>	<b>\$ 528,254</b>	<b>\$ 2,121,031</b>	<b>\$ -</b>

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

On June 30, 2014, \$144.5 million was transferred from the General Fund Basic Account to the Budget Stabilization Account (BSA) in accordance with the provisions of the Constitution. The BSA is reported as an Administrative Account within the General Fund. The Constitution details a limited number of circumstances under which funds can be appropriated from the BSA, one of which is a favorable vote of at least three-fifths of the members of each house of the Legislature.

In addition to the transfers noted in the schedule above, there were transfers of \$4.8 million within the state's Pension Trust Funds.



Transferred To						
Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program	Nonmajor Enterprise Funds	Internal Service Funds	Totals	
\$ -	\$ -	\$ -	\$ -	\$ 14,521	\$ 964,973	
-	382,319	-	-	10,842	1,113,372	
-	3	-	-	-	668,309	
-	312	-	-	1,503	1,527,232	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	277	326,295	
-	-	-	-	-	-	
-	-	-	12,151	-	162,325	
-	36	-	-	17,259	33,019	
\$ -	\$ 382,670	\$ -	\$ 12,151	\$ 44,402	\$ 4,795,525	

## Note 6

### Capital Assets

Capital assets at June 30, 2014, are reported by the state of Washington within Governmental Activities and Business-Type Activities, as applicable.

#### **A. GOVERNMENTAL CAPITAL ASSETS**

The following is a summary of governmental capital asset activity for the year ended June 30, 2014 (expressed in thousands):

<b>Capital Assets</b>	<b>Balances July 1, 2013</b>	<b>Additions</b>	<b>Deletions/ Adjustments</b>	<b>Balances June 30, 2014</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 2,387,561	\$ 157,067	\$ (65,075)	\$ 2,479,553
Transportation infrastructure	21,679,896	777,435	-	22,457,331
Intangible assets - indefinite lives	2,766	227	-	2,993
Art collections, library reserves, and museum and historical collections	123,275	1,173	(1)	124,447
Construction in progress	933,732	349,747	(377,218)	906,261
<b>Total capital assets, not being depreciated</b>	<b>25,127,230</b>			<b>25,970,585</b>
<b>Capital assets, being depreciated:</b>				
Buildings	11,885,326	517,093	(71,261)	12,331,158
Accumulated depreciation	(4,275,463)	(375,418)	21,723	(4,629,158)
Net buildings	7,609,863			7,702,000
Other improvements	1,370,923	22,205	(4,314)	1,388,814
Accumulated depreciation	(631,946)	(52,302)	5,905	(678,343)
Net other improvements	738,977			710,471
Furnishings, equipment, and intangible assets	4,562,353	343,107	(200,286)	4,705,174
Accumulated depreciation	(3,082,698)	(279,501)	170,283	(3,191,916)
Net furnishings, equipment, and intangible assets	1,479,655			1,513,258
Infrastructure	932,470	34,155	(4,537)	962,088
Accumulated depreciation	(453,663)	(29,505)	-	(483,168)
Net infrastructure	478,807			478,920
<b>Total capital assets, being depreciated, net</b>	<b>10,307,302</b>			<b>10,404,649</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 35,434,532</b>			<b>\$ 36,375,234</b>

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

The following is a summary of business-type capital asset activity for the year ended June 30, 2014 (expressed in thousands):

<b>Capital Assets</b>	<b>Balances July 1, 2013</b>	<b>Additions</b>	<b>Deletions/ Adjustments</b>	<b>Balances June 30, 2014</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 60,566	\$ 186	\$ -	\$ 60,752
Intangible assets - indefinite lives	4,580	-	-	4,580
Art collections	35	-	-	35
Construction in progress	441,827	50,870	(388,872)	103,825
<b>Total capital assets, not being depreciated</b>	<b>507,008</b>			<b>169,192</b>
<b>Capital assets, being depreciated:</b>				
Buildings	2,752,083	532,150	(20,351)	3,263,882
Accumulated depreciation	(764,472)	(101,183)	11,479	(854,176)
Net buildings	1,987,611			2,409,706
Other improvements	95,517	4,689	(2,247)	97,959
Accumulated depreciation	(35,465)	(5,229)	1,092	(39,602)
Net other improvements	60,052			58,357
Furnishings, equipment, and intangible assets	653,956	63,008	(41,936)	675,028
Accumulated depreciation	(471,547)	(54,684)	40,818	(485,413)
Net furnishings, equipment, and intangible assets	182,409			189,615
Infrastructure	41,944	387	-	42,331
Accumulated depreciation	(17,806)	(1,249)	-	(19,055)
Net infrastructure	24,138			23,276
<b>Total capital assets, being depreciated, net</b>	<b>2,254,210</b>			<b>2,680,954</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 2,761,218</b>			<b>\$ 2,850,146</b>

## **C. DEPRECIATION**

Depreciation expense for the year ended June 30, 2014, was charged by the primary government as follows (expressed in thousands):

	<b>Amount</b>
<b>Governmental Activities:</b>	
General government	\$ 71,390
Education - elementary and secondary (K-12)	5,869
Education - higher education	388,207
Human services	79,445
Adult corrections	49,015
Natural resources and recreation	34,460
Transportation	108,340
<b>Total Depreciation Expense - Governmental Activities *</b>	<b>\$ 736,726</b>
<b>Business-Type Activities:</b>	
Workers' compensation	\$ 7,228
Unemployment compensation	-
Higher education student services	154,094
Guaranteed education tuition program	1
Other	1,022
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$ 162,345</b>

\*

Includes \$86.3 million internal service fund depreciation that was allocated to governmental activities as a component of net internal service fund activity.

## **D. CONSTRUCTION IN PROGRESS**

Major construction commitments of the state at June 30, 2014, are as follows (expressed in thousands):

<b>Agency / Project Commitments</b>	<b>Construction In Progress June 30, 2014</b>	<b>Remaining Project Commitments</b>
<b>Department of Commerce:</b>		
Pacific Tower renovations	\$ 539	\$ 19,240
<b>Consolidated Technology Services:</b>		
State Data Center buildout	9,497	12,324
<b>Department of Enterprise Services:</b>		
Time, Leave, Attendance project	4,837	15,660
1063 Building project, Capitol Court roof and window upgrades, and other projects	489	69,100
Legislative building exterior repairs, hydronic loop repairs, and Transportation building preservation	19,946	16,815
<b>Department of Labor and Industries:</b>		
Occupational health, stay at work, and other small projects	10,661	13,011
<b>Department of Social and Health Services:</b>		
Residential housing unit renovations and other projects	34,889	14,436
<b>Department of Veterans Affairs:</b>		
Walla Walla Veterans Home	10,804	36,374
<b>Department of Corrections:</b>		
Correctional center units security and safety improvements, and other projects	1,788	37,078
<b>Department of Transportation:</b>		
State ferry vessels and terminals, and other projects	304,753	63,918
Transportation infrastructure	-	1,630,839
<b>Department of Fish and Wildlife:</b>		
Voights Creek hatchery, Issaquah hatchery intake, and other projects	29,664	57,036
<b>University of Washington:</b>		
Ethnic Cultural Center, UW Tacoma Y student center, ICA, and other projects	7,555	10,833
UW Medical Center expansion and renovation projects	36,548	18,065
Maple and Terry Hall renovations, Lander and Mercer Hall replacement, and Alder Hall phase one projects	25,916	86,672
Mountlake triangle, animal research and care facility, PLT-UW Tacoma station, and other projects	74,838	61,227
Burke Gilman trail, UW Tower garage, and other parking projects	2,251	1,362
<b>Washington State University:</b>		
Clean Technology Laboratory	32,903	112,144
Martin Stadium improvements and athletics press box projects	66,204	31,257
Chief Joseph Village renovation and North Side residence hall phase two projects	11,181	37,199
Pharmacy relocation and other projects	2,426	13
<b>Eastern Washington University:</b>		
Pence Union Building renovation, water system upgrade, and other projects	1,791	8,744
<b>Central Washington University:</b>		
New residence hall construction, and other projects	12,935	7,555
Science Hall phase two project	7,146	56,516
<b>The Evergreen State College:</b>		
Communication building and other projects	17,430	7,469
<b>Western Washington University:</b>		
Carver Hall renovation, housing and dining, and other projects	9,802	11,645
<b>Community and Technical Colleges:</b>		
ctcLink project	26,488	30,601
Green River Trades and Industry, and student center replacement projects	17,750	42,966
Lower Columbia Health and Science building, and gym renovation project	32,668	8,000
Seattle Community College District Employment Resource Center, Georgetown PSIEC, technology building, and wood construction replacement projects	52,774	3,711
South Puget Sound Building 22 renovation project	24,104	5,727
Tacoma Health Careers Center project	28,159	12,953
Other miscellaneous community college projects	81,900	171,988
<b>Other Agency Projects</b>	<b>9,450</b>	<b>9,107</b>
<b>Total Construction in Progress</b>	<b>\$ 1,010,086</b>	<b>\$ 2,721,585</b>

## Note 7

### Long-Term Liabilities

#### A. BONDS PAYABLE

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Bonds payable at June 30, 2014, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

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

Legislative authorization arises from:

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

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

#### Legal Debt Limitation

The State Constitution limits the amount of state debt that may be incurred by restricting the amount of general state revenues which may be allocated to pay principal and interest on debt subject to these limitations. More specifically, the constitutional debt limitation prohibits the issuance of new debt if it would cause the maximum annual debt service on all thereafter outstanding debt to exceed 9 percent of the arithmetic mean of general state revenues for the preceding three fiscal years. This limitation restricts the incurrence of new debt and not the amount of debt service that may be paid by the state in future years.

The State Constitution and current statutes require the State Treasurer to certify the debt service limitation for each fiscal year. In accordance with these provisions, the debt service limitation for fiscal year 2014 is \$1.19 billion.

This computation excludes specific bond issues and types, which are not secured by general state revenues. Of the \$18.96 billion general obligation bond debt outstanding at June 30, 2014, \$11.21 billion is subject to the limitation.

Based on the debt limitation calculation, the debt service requirements as of June 30, 2014, did not exceed the authorized debt service limitation.

For further information on the debt limit refer to the Certification of the Debt Limitation of the State of Washington available from the Office of the State Treasurer at: [http://www.tre.wa.gov/documents/debt\\_cdl2014.pdf](http://www.tre.wa.gov/documents/debt_cdl2014.pdf) or to Schedule 11 in the Statistical Section of this report.

#### Authorized But Unissued

The state had a total of \$6.48 billion in general obligation bonds authorized but unissued as of June 30, 2014, for the purpose of capital construction, higher education, transportation, and various other projects throughout the state.

#### Interest Rates

Interest rates on fixed rate general obligation bonds ranged from 0.2 to 7.0 percent. Interest rates on revenue bonds range from 1.64 to 7.4 percent.

#### Debt Service Requirements to Maturity

##### General Obligations Bonds

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

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

Outstanding general obligation bonds are presented in the Washington State Treasurer's Annual Report for 2014. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, phone number (360) 902-9000 or TTY (360) 902-8963, or by visiting their website at: <http://www.tre.wa.gov/aboutUs/publications/annualReports.shtml>.

Total debt service requirements to maturity for general obligation bonds as of June 30, 2014, are as follows (expressed in thousands):

General Obligation Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
<b>By Fiscal Year:</b>						
2015	\$ 851,880	\$ 902,748	\$ 3,820	\$ 325	\$ 855,700	\$ 903,073
2016	871,837	873,538	4,050	110	875,887	873,648
2017	899,179	859,082	-	-	899,179	859,082
2018	892,279	818,101	-	-	892,279	818,101
2019	892,864	781,423	-	-	892,864	781,423
2020-2024	4,444,356	3,212,508	-	-	4,444,356	3,212,508
2025-2029	4,341,268	2,160,703	-	-	4,341,268	2,160,703
2030-2034	3,582,016	1,021,914	-	-	3,582,016	1,021,914
2035-2039	1,764,200	305,022	-	-	1,764,200	305,022
2040-2044	414,438	29,193	-	-	414,438	29,193
<b>Total Debt Service Requirements</b>	<b>\$ 18,954,317</b>	<b>\$ 10,964,232</b>	<b>\$ 7,870</b>	<b>\$ 435</b>	<b>\$ 18,962,187</b>	<b>\$ 10,964,667</b>

### Revenue Bonds

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

The University of Washington issues general revenue bonds that are payable from general revenues, including student tuition and fees, grant indirect cost recovery,

sales and services revenue, and investment income. General revenue bonds outstanding as of June 30, 2014, include \$162.5 million in governmental activities and \$1.60 billion in business-type activities.

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

Total debt service requirements for revenue bonds to maturity as of June 30, 2014, are as follows (expressed in thousands):

Revenue Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
<b>By Fiscal Year:</b>						
2015	\$ 44,590	\$ 91,109	\$ 82,108	\$ 101,969	\$ 126,698	\$ 193,078
2016	102,200	87,585	55,742	99,539	157,942	187,124
2017	105,648	82,907	57,744	97,222	163,392	180,129
2018	103,865	77,734	58,011	94,850	161,876	172,584
2019	108,809	72,680	59,906	92,333	168,715	165,013
2020-2024	612,372	278,030	326,027	419,080	938,399	697,110
2025-2029	336,021	150,628	347,603	335,288	683,624	485,916
2030-2034	224,623	87,563	351,135	247,911	575,758	335,474
2035-2039	186,147	38,538	467,888	148,718	654,035	187,256
2040-2044	37,240	4,924	324,996	34,547	362,236	39,471
2045-2049	3,165	666	-	-	3,165	666
2050-2054	1,401	129	-	-	1,401	129
<b>Total Debt Service Requirements</b>	<b>\$ 1,866,081</b>	<b>\$ 972,493</b>	<b>\$ 2,131,160</b>	<b>\$ 1,671,457</b>	<b>\$ 3,997,241</b>	<b>\$ 2,643,950</b>

Governmental activities include revenue bonds outstanding at June 30, 2014, of \$305.9 million issued by the Tobacco Settlement Authority (TSA), which is a blended component unit of the state. In November 2002, the TSA issued \$517.9 million in bonds and transferred \$450.0 million to the state to be used for increased health care, long-term care, and other programs.

These bonds do not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. The bonds are obligations of the TSA and are secured solely by the TSA's right to receive 29.2 percent of the state's tobacco settlement revenues, restricted investments of the TSA, undistributed TSA bond proceeds, and the earnings thereon held under the indenture authorizing the bonds. Total principal and interest remaining on the bonds is \$460.9 million, payable through 2033. For the current year, pledged revenue and debt service were \$49.3 million and \$49.7 million, respectively.

Governmental activities include grant anticipation revenue bonds outstanding at June 30, 2014, of \$786.3 million issued for the Washington State Department of Transportation. The bonds were issued to finance a portion of the costs of constructing the State Route 520 Floating Bridge and Eastside Project.

These bonds do not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. The bonds are payable solely from Federal-Aid Highway Program funds, including federal reimbursements of debt service on the bonds and federal reimbursements to the state for projects or portions of projects not financed with bond proceeds. Total principal and interest remaining on the bonds is \$1.04 billion, payable through 2029. For the current year both pledged revenue and debt service were \$30.8 million.

Governmental activities include the Transportation Infrastructure Finance and Innovation Act Bond (TIFIA Bond). In October 2012, the state issued a bond for the SR 520 Corridor Program which represents a draw-down loan from the Federal Highway Administration. As of June 30, 2014, the state had incurred \$10.0 million in expenditures eligible under the program; however TIFIA Bond funds were not drawn until fiscal year 2015.

The TIFIA Bond is payable solely from toll revenues and does not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of this bond. Total principal and interest remaining on the bond is \$18.2 million, payable through 2051.

Governmental activities include revenue bonds outstanding at June 30, 2014, of \$257.8 million issued by

Washington State University. The bonds were issued to fund various capital construction projects.

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 principal and interest remaining on the bonds is \$413.2 million, payable through 2038. For the current year, pledged revenue and debt service were \$33.1 million and \$15.7 million, respectively.

Governmental activities include revenue bonds outstanding at June 30, 2014, of \$43.4 million issued by the Tumwater Office Properties (TOP), which is a blended component unit of the state. The bonds, issued in 2004, are payable solely from the trust estate pledged under the indenture, including rental payments. The bonds were used to construct an office building in Tumwater, Washington which the state occupied beginning in fiscal year 2006.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on the bonds is \$60.7 million, payable through 2028. For the current year, both pledged revenue and debt service were \$3.9 million.

Governmental activities include revenue bonds outstanding at June 30, 2014, of \$292.8 million issued by FYI Properties, a blended component unit of the state. The bonds, issued in 2009, are payable solely from the trust estate pledged under the indenture, including rental payments. The bonds were used to construct an office building in Olympia, Washington which the state occupied beginning in fiscal year 2012.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on the bonds is \$539.1 million, payable through 2039. For the current year, both pledged revenue and debt service were \$21.6 million.

Additionally, governmental activities include revenue bonds outstanding at June 30, 2014, of \$7.3 million issued by the City of Aberdeen. The bonds were used to extend utilities to the state Department of Corrections Stafford Creek Corrections Center (SCCC). The Department of Corrections entered into an agreement with the City of Aberdeen to pay a system development fee sufficient to pay the debt service on the bonds. The bonds were issued in 1998 and 2002, and refunded by the city in 2010, and are payable solely from current operating appropriations.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest



remaining on these bonds is \$8.5 million, payable through 2022. For the current year, both pledged revenue and debt service were \$1.5 million.

The state's colleges and universities issue bonds for the purpose of housing, dining, parking, and student facilities

construction. These bonds are reported within business-type activities and are secured by a pledge of specific revenues. These bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds.

Total pledged specific revenues for the state's colleges and universities to repay the principal and interest of revenue bonds as of June 30, 2014, are as follows (expressed in thousands):

Source of Revenue Pledged	Housing and Dining Revenues (Net of Operating Expenses)	Student Facilities Fees and Earnings on Invested Fees	Parking Revenues (Net of Operating Expenses)	Bookstore Revenues
Current revenue pledged	\$ 45,469	\$ 37,987	\$ 2,445	\$ 214
Current year debt service	24,472	16,255	774	202
Total future revenues pledged *	552,022	363,034	7,762	4,044
Description of debt	Housing and dining bonds issued in 1998-2014	Student facilities bonds issued in 2002-2012	Parking system revenue bonds issued in 2005	Student union and recreation center bonds issued in 2004
Purpose of debt	Construction and renovation of student housing and dining projects	Construction, renovation and improvements to student activity facilities and sports stadium	Construction of parking garage and improvements	Construct new bookstore as part of new student union and recreation center building
Term of commitment	2026-2042	2030-2038	2024	2034
Percentage of debt service to pledged revenues (current year)	53.82%	42.79%	31.64%	94.28%

\* Total future principal and interest payments.

## B. CERTIFICATES OF PARTICIPATION

Certificates of participation at June 30, 2014, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

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

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

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

Total debt service requirements for certificates of participation to maturity as of June 30, 2014, are as follows (expressed in thousands):

Certificates of Participation	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
<b>By Fiscal Year:</b>						
2015	\$ 109,515	\$ 32,482	\$ 4,493	\$ 1,333	\$ 114,008	\$ 33,815
2016	61,096	18,867	4,092	1,264	65,188	20,131
2017	47,557	16,619	3,185	1,113	50,742	17,732
2018	43,438	14,831	2,909	993	46,347	15,824
2019	39,241	13,148	2,628	881	41,869	14,029
2020-2024	143,117	45,207	9,586	3,028	152,703	48,235
2025-2029	102,336	17,347	6,854	1,162	109,190	18,509
2030-2034	23,585	1,649	1,581	110	25,166	1,759
<b>Total Debt Service Requirements</b>	<b>\$ 569,885</b>	<b>\$ 160,150</b>	<b>\$ 35,328</b>	<b>\$ 9,884</b>	<b>\$ 605,213</b>	<b>\$ 170,034</b>

## C. DEBT REFUNDINGS

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

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

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

### Current Year Defeasances

#### Bonds

##### Governmental Activities.

On October 17, 2013, the Tobacco Settlement Authority (TSA) issued \$334.7 million in TSA refunding bonds with an average interest rate of 5.0 percent to refund \$369.9 million of TSA bonds with an average interest rate of 6.56 percent. The refunding resulted in an \$89.3 million gross debt service savings over the next 20 years and an economic gain of \$38.6 million.

On October 24, 2013, the state issued \$106.0 million of motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 4.82 percent to refund \$117.0 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 4.62 percent. The refunding resulted in a \$15.8 million gross debt service savings over the next 8 years and a net present value savings of \$14.5 million.

Also on October 24, 2013, the state issued \$117.9 million of various purpose general obligation refunding bonds

with an average interest rate of 4.82 percent to refund \$130.5 million of various purpose general obligation bonds with an average interest rate of 4.74 percent. The refunding resulted in an \$18.0 million gross debt service savings over the next 7 years and a net present value savings of \$16.8 million.

On June 26, 2014, the Tumwater Office Properties (TOP), which is a blended component unit of the state, issued \$43.4 million in lease revenue refunding bonds with an average interest rate of 4.52 percent to refund \$50.2 million of lease revenue bonds with an average interest rate of 5.08 percent. The refunding resulted in a \$9.8 million gross debt service savings over the next 14 years and an economic gain of \$7.9 million.

##### Business-Type Activities.

On January 9, 2014, the University of Washington, through the Washington Economic Development Finance Authority, issued \$29.0 million in business-type activity lease revenue refunding bonds with an average interest rate of 4.37 percent to refund \$29.6 million of business-type activity lease revenue bonds with an average interest rate of 5.07 percent. The refunding resulted in a \$3.5 million gross debt service savings over the next 21.5 years and an economic gain of \$2.4 million.

### Prior Year Defeasances

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

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

#### General Obligation Bond Debt

On June 30, 2014, \$2.26 billion of general obligation bonded debt outstanding is considered defeased.

## Revenue Bond Debt

On June 30, 2014, \$120.0 million of revenue bonded debt outstanding is considered defeased.

## Certificates of Participation Debt

On June 30, 2014, \$52.3 million of certificates of participation debt outstanding is considered defeased.

## D. LEASES

Leases at June 30, 2014, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

The state leases land, office facilities, office and computer equipment, and other assets under a variety of

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

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

Land, buildings, and equipment under capital leases as of June 30, 2014, include the following (expressed in thousands):

	Governmental Activities	Business-Type Activities
Buildings	\$ 1,705	\$ 4,512
Equipment	17,727	15,864
Less: Accumulated depreciation	(9,200)	(10,807)
<b>Totals</b>	<b>\$ 10,232</b>	<b>\$ 9,569</b>

The following schedule presents future minimum payments for capital and operating leases as of June 30, 2014 (expressed in thousands):

Capital and Operating Leases	Capital Leases		Operating Leases	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<b>By Fiscal Year:</b>				
2015	\$ 2,939	\$ 2,866	\$ 133,621	\$ 33,879
2016	1,555	2,837	105,859	27,243
2017	1,167	2,789	80,666	24,628
2018	607	2,002	67,340	11,121
2019	601	1,516	53,131	7,710
2020-2024	2,192	5,195	111,416	28,369
2025-2029	-	-	28,569	20,053
2030-2034	-	-	13,745	21,644
2035-2039	-	-	12,594	24,929
2040-2044	-	-	11,380	37,238
<b>Total Future Minimum Payments</b>	<b>9,061</b>	<b>17,205</b>	<b>618,321</b>	<b>236,814</b>
Less: Executory Costs and Interest Costs	(535)	(1,870)	-	-
<b>Net Present Value of Future Minimum Lease Payments</b>	<b>\$ 8,526</b>	<b>\$ 15,335</b>	<b>\$ 618,321</b>	<b>\$ 236,814</b>

The total operating lease rental expense for fiscal year 2014 for governmental activities was \$294.5 million, of which \$483 thousand was for contingent rentals. The total operating lease rental expense for fiscal year 2014 for business-type activities was \$37.3 million.

## E. CLAIMS AND JUDGMENTS

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

### Workers' Compensation

At June 30, 2014, \$35.32 billion of unpaid claims and claim adjustment expenses are presented at their net present and settlement value of \$24.44 billion. These claims are discounted at assumed interest rates of 1.5 percent (non-pension and cost of living adjustments), 4.5

to 6.5 percent (pensions not yet granted), and 6.5 percent (granted pensions) to arrive at a settlement value.

The claims and claim adjustment liabilities of \$24.44 billion as of June 30, 2014, include \$11.52 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 \$12.91 billion are fully funded by long-term investments, net of obligations under securities lending agreements.

Changes in the balances of workers' compensation claims liabilities during fiscal years 2013 and 2014 were as follows (expressed in thousands):

<b>Workers' Compensation Fund</b>	<b>Balances Beginning of Fiscal Year</b>	<b>Incurred Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balances End of Fiscal Year</b>
2013	\$ 22,596,350	3,150,517	(2,119,307)	\$ 23,627,560
2014	\$ 23,627,560	2,953,508	(2,143,534)	\$ 24,437,534

### Risk Management

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

Because actual liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, it should be recognized that future loss emergence will likely deviate, perhaps materially, from the actuarial estimates. Liabilities are re-evaluated annually to take into consideration recently settled claims, the frequency of claims, and other economic or social factors.

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

As of June 30, 2014, outstanding and actuarially determined claims against the state and its agencies, with the exception of the University of Washington, including actuarially projected defense costs were \$550.0 million for which the state has recorded a liability. The state is restricted by law from accumulating funds in the Self Insurance Liability Program in excess of 50 percent of total outstanding and actuarially determined liabilities.

At June 30, 2014, the Risk Management Fund held \$67.3 million in cash and pooled investments designated for payment of these claims under the state's Self Insurance Liability Program.

Changes in the balances of risk management claims liabilities during fiscal years 2013 and 2014 were as follows (expressed in thousands):

<b>Risk Management Fund</b>	<b>Balances Beginning of Fiscal Year</b>	<b>Incurred Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Tort Defense Payments</b>	<b>Balances End of Fiscal Year</b>
2013	\$ 813,373	(187,481)	(65,548)	(17,635)	\$ 542,709
2014	\$ 542,709	74,760	(48,488)	(18,993)	\$ 549,988

## Health Insurance

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

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

At June 30, 2014, health insurance claims liabilities totaling \$70.2 million are fully funded with cash and investments, net of obligations under securities lending agreements.

Changes in the balances of health insurance claims liabilities during fiscal years 2013 and 2014 were as follows (expressed in thousands):

<b>Health Insurance Fund</b>	<b>Balances Beginning of Fiscal Year</b>	<b>Incurred Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balances End of Fiscal Year</b>
2013	\$ 68,907	816,965	(825,999)	\$ 59,873
2014	\$ 59,873	856,230	(845,854)	\$ 70,249

## F. POLLUTION REMEDIATION

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

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

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

There are 28 projects in progress for which the state has recorded a liability of \$49.6 million.

The state has also voluntarily agreed to conduct certain remediation activities to the extent of funding paid to the state by third parties for such purposes. At June 30, 2014, the state has recorded a liability of \$115.2 million for remaining project commitments.

Overall, the state has recorded a pollution remediation liability of \$164.8 million, measured at its estimated amount, using the expected cash flow technique. The overall estimate is based on professional judgment, experience, and historical cost data. For some projects, the state can reasonably estimate the range of expected outlays early in the process because the site situation is common or similar to other sites with which the state has experience. In other cases, the estimates are limited to an amount specified in a settlement agreement, consent decree, or contract for remediation services.

The pollution remediation activity at some sites for which the state would otherwise have a reportable obligation is at a point where certain costs are not reasonably estimable. For example, a site assessment,

remedial investigation, or feasibility study is in progress and the cleanup methodology has not yet been determined; consequently, associated future costs cannot be estimated.

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

## **G. LONG-TERM LIABILITY ACTIVITY**

Long-term liability activity at June 30, 2014, is reported by the state of Washington within governmental activities and business-type activities, as applicable. Long-term liability activity for governmental activities for fiscal year 2014 is as follows (expressed in thousands):

	Beginning Balance July 1, 2013 *	Additions	Reductions	Ending Balance June 30, 2014	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<b>Long-Term Debt:</b>					
GO Bonds Payable:					
General obligation (GO) bonds	\$ 17,603,895	\$ 1,789,745	\$ 996,265	\$ 18,397,375	\$ 813,595
GO - zero coupon bonds (principal)	595,809	-	38,867	556,942	38,285
Subtotal - GO bonds payable	18,199,704	1,789,745	1,035,132	18,954,317	851,880
Accreted interest - GO - zero coupon bonds	438,787	-	22,851	415,936	-
Revenue bonds payable	1,644,331	680,897	459,147	1,866,081	44,590
Plus: Unamortized issuance premiums	-	29,750	1,751	27,999	-
Less: Deferred issuance discounts	(5,844)	5,844	-	-	-
<b>Total Bonds Payable</b>	<b>20,276,978</b>	<b>2,506,236</b>	<b>1,518,881</b>	<b>21,264,333</b>	<b>896,470</b>
<b>Other Liabilities:</b>					
Certificates of participation	588,418	37,272	55,805	569,885	109,515
Claims and judgments	762,705	78,765	78,536	762,934	230,164
Installment contracts	2,317	-	132	2,185	-
Leases	10,154	4,490	6,118	8,526	2,730
Compensated absences	569,344	350,013	369,940	549,417	64,766
Unfunded pension obligations	340,441	58,456	-	398,897	-
Other postemployment benefits obligations	1,468,125	252,420	-	1,720,545	-
Pollution remediation obligations	171,816	21,901	28,878	164,839	-
Unclaimed property refunds	106,667	-	5,888	100,779	1
Other	387,827	83,113	18,720	452,220	-
<b>Total Other Liabilities</b>	<b>4,407,814</b>	<b>886,430</b>	<b>564,017</b>	<b>4,730,227</b>	<b>407,176</b>
<b>Total Long-Term Debt</b>	<b>\$ 24,684,792</b>	<b>\$ 3,392,666</b>	<b>\$ 2,082,898</b>	<b>\$ 25,994,560</b>	<b>\$ 1,303,646</b>

\* Beginning balances reflect the Department of Transportation prior period adjustment of \$244.4 million to other governmental long-term obligations to record a land bank agreement with Sound Transit, along with the University of Washington prior period adjustment of \$67.3 million to properly report their Internal Lending Program.

For governmental activities, certificates of participation are being repaid approximately 19 percent from the General Fund, 34 percent from the Higher Education Special Revenue Fund, and the balance from various governmental funds. The compensated absences liability will be liquidated approximately 43 percent by the General Fund, 35 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The claims and judgments liability will be liquidated approximately 72 percent by the Risk Management Fund (an internal service fund), 9 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The other

postemployment benefits obligations liability will be liquidated approximately 46 percent by the General Fund, 32 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The pollution remediation liability will be liquidated approximately 78 percent by the Wildlife and Natural Resources Fund, a nonmajor governmental fund, and the balance by various other governmental funds. The unclaimed property refunds will be liquidated against future unclaimed property deposited to the General Fund. Leases, installment contract obligations, and other liabilities will be repaid from various other governmental funds.

Long-term liability activity for business-type activities for fiscal year 2014 is as follows (expressed in thousands):

<b>Business-Type Activities</b>	<b>Beginning Balance July 1, 2013 *</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance June 30, 2014</b>	<b>Amounts Due Within One Year</b>
<b>Long-Term Debt:</b>					
General obligation bonds payable	\$ 11,475	\$ -	\$ 3,605	\$ 7,870	\$ 3,820
Revenue bonds payable	1,997,568	222,893	89,301	2,131,160	82,108
Plus: Unamortized issuance premiums	100,477	14,385	9,374	105,488	-
Less: Deferred issuance discounts	(269)	122	2	(149)	-
<b>Total Bonds Payable</b>	<b>2,109,251</b>	<b>237,400</b>	<b>102,282</b>	<b>2,244,369</b>	<b>85,928</b>
<b>Other Liabilities:</b>					
Certificates of participation	38,948	930	4,550	35,328	4,493
Plus: Deferred issuance premiums	2,693	-	279	2,414	-
Claims and judgments	23,638,770	945,702	136,993	24,447,479	1,909,900
Lottery prize annuities payable	176,030	41,689	67,879	149,840	27,437
Tuition benefits payable	2,716,000	337,890	286,890	2,767,000	173,000
Leases	15,488	1,705	1,858	15,335	2,389
Compensated absences	66,405	31,869	29,603	68,671	37,424
Other postemployment benefits obligations	145,650	28,372	-	174,022	-
Other	234	41,653	38	41,849	-
<b>Total Other Liabilities</b>	<b>26,800,218</b>	<b>1,429,810</b>	<b>528,090</b>	<b>27,701,938</b>	<b>2,154,643</b>
<b>Total Long-Term Debt</b>	<b>\$ 28,909,469</b>	<b>\$ 1,667,210</b>	<b>\$ 630,372</b>	<b>\$ 29,946,307</b>	<b>\$ 2,240,571</b>

\* Beginning balances reflect the University of Washington prior period adjustment of \$67.3 million to properly report their Internal Lending Program.

## Note 8

### No Commitment Debt

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

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

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

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

The schedule below presents the June 30, 2014, balances for the "No Commitment" debt of the state's financing authorities (expressed in thousands):

<b>Financing Authorities</b>	<b>Principal Balance</b>
Washington State Housing Finance Commission	\$ 3,411,461
Washington Higher Education Facilities Authority	766,485
Washington Health Care Facilities Authority	5,452,000
Washington Economic Development Finance Authority	702,442
<b>Total No Commitment Debt</b>	<b>\$ 10,332,388</b>

## Note 9

### Governmental Fund Balances

#### A. GOVERNMENTAL FUND BALANCES

The state's governmental fund balances are reported according to the relative constraints that control how amounts can be spent. Net position restricted as a result of enabling legislation totaled \$9.3 million. Classifications include nonspendable, restricted, committed, and assigned, which are further described in Note 1.D.9.

A summary of governmental fund balances at June 30, 2014, is as follows (expressed in thousands):

<b>Fund Balances</b>	<b>General</b>	<b>Higher Education Special Revenue</b>	<b>Higher Education Endowment</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Nonspendable:</b>					
Permanent funds	\$ -	\$ -	\$ 2,053,827	\$ 203,756	\$ 2,257,583
Consumable inventories	14,561	11,348	-	43,682	69,591
Petty cash	580	2,696	-	758	4,034
Investments	-	52,618	69,257	115	121,990
Other receivables – long-term	35,334	-	-	-	35,334
<b>Total Nonspendable Fund Balance</b>	<b>\$ 50,475</b>	<b>\$ 66,662</b>	<b>\$ 2,123,084</b>	<b>\$ 248,311</b>	<b>\$ 2,488,532</b>
<b>Restricted for:</b>					
Higher education	\$ -	\$ 160	\$ 1,247,941	\$ 112,249	\$ 1,360,350
Education	-	-	14,288	24,752	39,040
Transportation	-	-	-	768,349	768,349
Other purposes	683	-	-	8,580	9,263
Human services	-	-	330	332,717	333,047
Wildlife and natural resources	712	-	-	892,513	893,225
Local grants and loans	-	-	-	266	266
School construction	656	-	-	51,877	52,533
State facilities	-	-	-	188,198	188,198
Budget stabilization	414,601	-	-	-	414,601
Debt service	-	-	-	68,776	68,776
Pollution remediation	-	-	-	115,289	115,289
Operations and maintenance	-	-	-	7,254	7,254
Repair and Replacement	-	-	-	3,750	3,750
Unspent GARVEE bond proceeds	-	-	-	168,674	168,674
Third tier debt service	-	-	-	2,198	2,198
<b>Total Restricted Fund Balance</b>	<b>\$ 416,652</b>	<b>\$ 160</b>	<b>\$ 1,262,559</b>	<b>\$ 2,745,442</b>	<b>\$ 4,424,813</b>
<b>Committed for:</b>					
Higher education	\$ 78,094	\$ 2,561,421	\$ -	\$ 52,095	\$ 2,691,610
Education	-	-	-	1,735	1,735
Transportation	-	-	-	238,429	238,429
Other purposes	11,010	-	-	191,103	202,113
Human services	5,352	-	-	303,846	309,198
Wildlife and natural resources	48,130	52	-	491,706	539,888
Local grants and loans	-	-	-	885,677	885,677
State facilities	-	-	-	8,929	8,929
Debt service	-	-	-	403,787	403,787
<b>Total Committed Fund Balance</b>	<b>\$ 142,586</b>	<b>\$ 2,561,473</b>	<b>\$ -</b>	<b>\$ 2,577,307</b>	<b>\$ 5,281,366</b>
<b>Assigned for:</b>					
Working capital	\$ 879,952	\$ -	\$ -	\$ -	\$ 879,952
<b>Total Assigned Fund Balance</b>	<b>\$ 879,952</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 879,952</b>



## **B. BUDGET STABILIZATION ACCOUNT**

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

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

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

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

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

At June 30, 2014, the Budget Stabilization Account had restricted fund balance of \$414.6 million.

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## **Note 10**

### **Deficit Net Position**

#### **Risk Management Fund**

The Risk Management Fund, an internal service fund, had a deficit net position of \$486.2 million at June 30, 2014. The Risk Management Fund is used to administer the Self-Insurance Liability Program (SILP). The SILP was initiated in 1990 and is intended to provide funds for the payment of all tort claims and defense expenses. The program investigates, processes, and adjudicates tort and sundry claims filed against Washington state agencies, with the exception of the University of Washington and the Department of Transportation Ferries Division.

The Risk Management Fund is supported by premium assessments to state agencies. The state is restricted by law from accumulating funds in the SILP in excess of 50 percent of total outstanding and actuarially determined claims. As a consequence, when outstanding and incurred but not reported claims are actuarially determined and accrued, the result is a deficit net position.

The net position in the Risk Management Fund improved in the fiscal year ended June 30, 2014. The actuarial projection of the expected claims liability is based on actual experience for the past five years. The projected liability decreased due to the decrease in the number of claims filed and the relative stability in the severity of the claims.

The following schedule details the change in net position for the Risk Management Fund during the fiscal year ended June 30, 2014 (expressed in thousands):

<b>Risk Management Fund</b>	<b>Net Position</b>
<b>Balance, July 1, 2013</b>	\$ (486,251)
Fiscal year 2014 activity	86
<b>Balance, June 30, 2014</b>	<b>\$ (486,165)</b>

# Note 11

## Retirement Plans

### A. GENERAL

The state Legislature establishes and amends laws pertaining to the creation and administration of all state public retirement systems.

#### 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

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

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

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

**Department of Retirement Systems.** As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS.

The DRS administered systems are comprised of 12 defined benefit pension plans and three defined benefit/defined contribution plans as follows:

- Public Employees' Retirement System (PERS)
  - Plan 1 - defined benefit
  - Plan 2 - defined benefit
  - Plan 3 - defined benefit/defined contribution
- Teachers' Retirement System (TRS)

Plan 1 - defined benefit  
Plan 2 - defined benefit  
Plan 3 - defined benefit/defined contribution

- School Employees' Retirement System (SERS)
  - Plan 2 - defined benefit
  - Plan 3 - defined benefit/defined contribution
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
  - Plan 1 - defined benefit
  - Plan 2 - defined benefit
- Washington State Patrol Retirement System (WSPRS)
  - Plan 1 - defined benefit
  - Plan 2 - defined benefit
- Public Safety Employees' Retirement System (PSERS)
  - Plan 2 - defined benefit
- Judicial Retirement System (JRS)
  - Defined benefit plan
- Judges' Retirement Fund (Judges)
  - Defined benefit plan

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS, TRS, SERS, LEOFF, WSPRS, and PSERS systems and plans was funded by an employer rate of 0.18 percent of employee salaries. Administration of the JRS and Judges plans is funded by means of legislative appropriations.

In January 2012, the DRS began collecting contributions from state institutions of higher education for deposit in the Higher Education Retirement Plan (HERP) Supplemental Benefit Fund. The contributions are to begin prefunding the unfunded future obligations related to the supplemental benefits of the HERP. The HERP Supplemental Benefit Fund was not created as a pension trust fund and is reported by the state as an administrative account in the General Fund.

Pursuant to RCW 41.50.770, the state offers its employees and employees of those political subdivisions that elect to participate, a deferred compensation program in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable financial emergency. This deferred compensation plan is administered by the DRS.

The DRS prepares a stand-alone financial report that is compliant with the requirements of Statement 67 of the

Governmental Accounting Standards Board. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at <http://www.drs.wa.gov/administration/annual-report/>.

**State Board for Volunteer Fire Fighters and Reserve Officers.** As established in chapter 41.24 RCW, the State Board for Volunteer Fire Fighters and Reserve Officers administers the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF), a defined benefit plan. Administration of VFFRPF is funded through legislative appropriation.

**Administrative Office of the Courts.** As established in chapter 2.14 RCW, the Administrative Office of the Courts administers the Judicial Retirement Account (JRA), a defined contribution plan. Administration of JRA is funded through member fees.

**Higher Education.** As established in chapter 28B.10 RCW, eligible higher education state employees may participate in higher education retirement plans. These plans are privately administered defined contribution plans with a supplemental defined benefit component.

#### Plan Disclosures

Participating members and employers, plan descriptions, benefits provided, contribution requirements, and legislative changes related to DRS administered plans follows in Note 11.B. Disclosures required by GASB Statement No. 67 for the plan administered by the State Board for Volunteer Fire Fighters and Reserve Officers follow in Note 11.C. Contribution required and paid, funded status, and actuarial assumptions and methods for pension plans included in Notes 11.B and 11.C follow in Notes 11.D through 11.F. Annual pension cost and three year historical trend information for the state's single employer defined benefit plans are presented in Notes 11.G and 11.H, respectively. Information related to changes in actuarial assumptions and methods for Department of Retirement Systems and State Board for Volunteer Fire Fighters and Reserve Officer administered defined benefit plans is provided in Note 11.I. Disclosures related to the HERP Supplemental Defined Benefit Plan are presented in Note 11.J. Information related to defined contribution plans is presented in Note 11.K. Details on plan net position and changes in plan net position of pension plans and other employee benefit funds administered by the state are presented in Note 11.L.

## B. PLANS ADMINISTERED BY THE DEPARTMENT OF RETIREMENT SYSTEMS

Membership of each plan administered by the Department of Retirement Systems (DRS) consisted of the following at June 30, 2013, the date of the latest actuarial valuation for all plans:

Number of Participating Members					
Plans	Retirees and Beneficiaries	Terminated Members Entitled To But Not Yet	Active Plan	Active Plan	Total Members
	Receiving Benefits	Receiving Benefits	Members Vested	Nonvested	
PERS 1	51,860	1,384	5,389	264	58,897
PERS 2	31,329	25,383	89,387	26,364	172,463
PERS 3	2,139	4,280	12,297	17,005	35,721
TRS 1	35,912	391	2,379	14	38,696
TRS 2	3,445	2,330	6,062	6,009	17,846
TRS 3	4,863	7,102	35,357	16,114	63,436
SERS 2	5,084	5,190	13,494	8,266	32,034
SERS 3	3,995	6,398	20,282	10,253	40,928
LEOFF 1	7,729	1	143	-	7,873
LEOFF 2	2,782	698	14,389	2,298	20,167
WSPRS 1	964	119	657	-	1,740
WSPRS 2	-	10	257	152	419
PSERS 2	43	119	2,784	1,729	4,675
JRS	114	-	-	-	114
Judges	12	-	-	-	12
JRA	1	151	5	-	157
Total	150,272	53,556	202,882	88,468	495,178

Following is a summary of the number of government employers participating in DRS administered retirement plans as of June 30, 2014:

Number of Participating Employers					
Plans	State Agencies	School Districts	Counties/ Municipalities	Other Political Subdivisions	Total Employers
PERS 1	128	212	147	147	634
PERS 2	169	-	275	490	934
PERS 3	158	-	209	306	673
TRS 1	36	228	-	-	264
TRS 2	22	295	-	-	317
TRS 3	39	302	-	-	341
SERS 2	-	303	-	-	303
SERS 3	-	300	-	-	300
LEOFF 1	-	-	36	9	45
LEOFF 2	8	-	204	157	369
WSPRS 1	1	-	-	-	1
WSPRS 2	1	-	-	-	1
PSERS 2	9	-	65	1	75
JRS	1	-	-	-	1
Judges	1	-	-	-	1
JRA	5	-	-	-	5
<b>Total</b>	<b>578</b>	<b>1,640</b>	<b>936</b>	<b>1,110</b>	<b>4,264</b>

Employers can participate in multiple systems and/or plans. The actual total number of participating employers as of June 30, 2014, is 1,318, of which 171 are state agencies.

### Public Employees' Retirement System

**Plan Description.** The Legislature established the Public Employees' Retirement System (PERS) in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. Approximately 49 percent of PERS salaries are accounted for by state employment.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

PERS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by either, February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to PERS Plan 3.

PERS participants joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002, for local government employees, have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3.

Refer to section K of this note for a description of the defined contribution component of PERS Plan 3.

**Benefits Provided.** PERS plans provide retirement, disability, and death benefits to eligible members.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service capped at 60 percent.

PERS Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may elect to receive an optional cost of living allowance (COLA) that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 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. The benefit amount is \$350 a month or two-thirds of the monthly AFC, whichever is less. The benefit is payable as long as the member remains disabled or until the member attains the age of 60 at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service. This is reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC. Plan 1 members may elect to receive an optional COLA amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. There is no cap on years of service credit and a COLA is granted based on the Consumer Price Index, capped at 3 percent annually.

PERS Plan 2 members have the option to retire early with reduced benefits.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. There is no cap on years of service credit. Plan 3 provides the same COLA as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

PERS Plan 3 members have the option to retire early with reduced benefits.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2

percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. There is no cap on years of service credit, and a COLA is granted based on the Consumer Price Index, capped at 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

A one-time, duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose out of the member's covered employment, if found eligible by the director of the Department of Labor and Industries.

From January 1, 2007, through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier, capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

Material changes, if any, in PERS benefit provisions for the fiscal year ended June 30, 2014, are listed at the end of this section.

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

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Contribution requirements are established and amended by state statute.

Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the director of DRS. During fiscal year 2014, the rate was 5.5 percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee defined benefit contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

As a result of the implementation of the Judicial Benefit Multiplier (JBM) Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges who participate in the program.

Required contribution rates for fiscal year 2014 are presented at the end of this section.

### **Teachers' Retirement System**

**Plan Description.** The Legislature established the Teachers' Retirement System (TRS) in 1938. TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and may be amended only by the Legislature. Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative, or supervisory capacity. TRS is comprised principally of non-state agency employees.

TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

TRS members who joined the system by September 30, 1977, are a Plan 1 member. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by June 30, 1996, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS members joining the system on or after July 1, 1996 are members of TRS Plan 3.

Legislation passed in 2007 gives TRS members hired on or after July 1, 2007, 90 days to make an irrevocable choice to become a member of TRS Plan 2 or Plan 3. At the end of 90 days, any member who has not made a choice becomes a member of Plan 3.

Refer to section K of this note for a description of the defined contribution component of TRS Plan 3.

**Benefits Provided.** TRS plans provide retirement, disability, and death benefits to eligible members.

TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at

the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) for each year of service credit, up to a maximum of 60 percent.

TRS Plan 1 members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 1 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 a benefit based on their salary and service to date of disability.

TRS Plan 2 retirement benefits are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. TRS Plan 2 members have the option to retire early with reduced benefits.

The defined benefit portion of TRS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. Plan 3 provides the same COLA as Plan 2.

TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44; or after five service credit years earned in TRS Plan 2 by July 1, 1996. Plan 3 members are immediately vested in the defined contribution portion of their plan. TRS Plan 3 members have the option to retire early with reduced benefits.

TRS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually.

TRS members meeting specific eligibility requirements, have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

A one-time, duty-related death benefit is provided to the estate (or duly designated nominee) of a TRS member who dies in the line of service, if found eligible by the director of the Department of Labor and Industries.

From January 1, 2007, through December 31, 2007, judicial members of TRS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in TRS Plan 1 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit is capped at 75 percent of AFC.

Newly elected or appointed justices and judges who chose to become TRS members on or after January 1, 2007, were required to participate in the JBM Program.

Material changes, if any, in TRS benefit provisions for the fiscal year ended June 30, 2014, are listed at the end of this section.

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

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

Employee contributions to the TRS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the director of DRS. During fiscal year 2014, the rate was 5.5 percent compounded quarterly. Members in TRS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from TRS-covered employment.

As a result of the implementation of the Judicial Benefit Multiplier (JBM) Program in January 2007, a second tier of employee rates was developed to fund the increased retirement benefits of those judges who participate in the program.

Required contribution rates for fiscal year 2014 are presented at the end of this section

### **School Employees' Retirement System**

**Plan Description.** The Legislature established the School Employees' Retirement System (SERS) effective in 2000. SERS retirement benefit provisions are established in chapters 41.34 and 41.35 RCW and may be amended only by the Legislature. Membership in the system includes classified employees of school districts and educational service districts. SERS is comprised principally of non-state agency employees.

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

defined benefit plan with a defined contribution component. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

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.

Until June 30, 2007, SERS members joining the system on or after September 1, 2000, became members of SERS Plan 3. Legislation passed in 2007 gives SERS members hired on or after July 1, 2007, 90 days to make an irrevocable choice to become a member of either SERS Plan 2 or Plan 3. At the end of the 90 days, any member who has not made a choice becomes a member of Plan 3.

Refer to section K of this note for a description of the defined contribution component of SERS Plan 3.

**Benefits Provided.** SERS plans provide retirement, disability, and death benefits to eligible members.

SERS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service. A cost of living allowance (COLA) is granted based on the Consumer Price Index, capped at 3 percent annually.

SERS Plan 2 members have the option to retire early with reduced benefits.

Effective June 7, 2006, SERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by September 1, 2000. Plan 3 members are immediately vested in the defined contribution portion of their plan.

The defined benefit portion of SERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. Plan 3 provides the same COLA as Plan 2.

SERS Plan 3 members have the option to retire early with reduced benefits.

SERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually.

SERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

A one-time, duty-related death benefit is provided to the estate (or duly designated nominee) of a SERS member who dies in the line of service, if found eligible by the director of the Department of Labor and Industries.

Material changes, if any, in SERS benefit provisions for the fiscal year ended June 30, 2014, are listed at the end of this section.

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

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

Employee contributions to the SERS Plan 2 defined benefit plan accrue interest at a rate specified by the director of DRS. During fiscal year 2014, the rate was 5.5 percent compounded quarterly. Members in SERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from SERS-covered employment.

Required contribution rates for fiscal year 2014 are presented at the end of this section.

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

**Plan Description.** The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) was established in 1970 by the Legislature. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and

Wildlife enforcement officers who were first included effective July 27, 2003, being an exception.

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

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The board's duties include adopting contribution rates and recommending policy changes to the Legislature.

**Benefits Provided.** LEOFF plans provide retirement, disability, and death benefits to eligible members.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

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

A cost of living allowance (COLA) is granted based on the Consumer Price Index.

LEOFF Plan 1 disability benefit 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 at the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 1 death benefits for survivors of 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 eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time, duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies in the line of service, if found eligible by the director of the Department of Labor and Industries.



LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service. Members who retire prior to the age of 53 receive reduced benefits. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually.

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

Members of LEOFF Plan 2 who leave service because of a line of duty disability are eligible for additional benefits. A one-time, duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies in the line of service, if found eligible by the director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

Material changes, if any, in LEOFF benefit provisions for the fiscal year ended June 30, 2014, are listed at the end of this section.

**Contributions.** LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations.

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees are not required to contribute as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The methods used to determine the contribution requirements are established under state statute.

Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the director of DRS. During fiscal year 2014, the rate was 5.5 percent compounded quarterly. Members in LEOFF

Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board.

Beginning in 2011, when state General Fund revenues increase by at least 5 percent over the prior biennium's revenues, the State Treasurer will transfer, subject to legislative appropriation, specific amounts into a Local Public Safety Enhancement Account. Half of this transfer will be proportionately distributed to all jurisdictions with LEOFF Plan 2 members. The other half will be transferred to a LEOFF Retirement System Benefits Improvement Account to fund benefit enhancements for LEOFF Plan 2 members.

However, this special funding situation is not mandated by the State Constitution and this funding requirement could be returned to the employers by a change of statute. For fiscal year 2014, the state contributed \$55.6 million to LEOFF Plan 2.

Required contribution rates for fiscal year 2014 are presented at the end of this section.

### **Washington State Patrol Retirement System**

**Plan Description.** The Washington State Patrol Retirement System (WSPRS) was established by the Legislature in 1947. WSPRS benefits are established in chapter 43.43 RCW and may be amended only by the Legislature. Any commissioned employee of the Washington State Patrol is eligible to participate.

WSPRS is a single-employer defined benefit retirement system. WSPRS members who joined the system by December 31, 2002, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after January 1, 2003, are Plan 2 members. For financial reporting and investment purposes, however, both plans are accounted for in the same pension fund.

Effective June 7, 2012, those WSPRS members who have service credit within PERS Plan 2 have options to transfer their service credit earned as commercial vehicle enforcement officers or as communications officers into the WSPRS, provided the member pays the full actuarial cost of the transfer.

At retirement, these members also have the option of selecting an actuarially reduced benefit in order to provide for post-retirement survivor benefits.

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

There is no vesting requirement for active WSPRS members. Inactive WSPRS members are vested after the completion of five years of eligible service. Members are eligible for retirement at the age of 55 with five years of service, or after 25 years of service, and must retire at age 65. This mandatory requirement does not apply to the Chief of the Washington State Patrol.

The monthly benefit is 2 percent of the average final salary (AFS) per year of service, capped at 75 percent. A cost of living allowance is granted based on the Consumer Price Index, capped at 3 percent annually.

WSPRS Plan 1 death benefits for survivors of 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 eligible surviving child, with a limitation on the combined benefit 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, or (3) If no spouse or eligible children, beneficiary gets refund of contributions and interest.

At retirement, WSPRS Plan 2 members have the option of selecting an actuarially reduced benefit in order to provide for post-retirement survivor benefits.

WSPRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

WSPRS 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.

A one-time, duty-related death benefit is provided to the estate (or duly designated nominee) of a WSPRS member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of WSPRS members killed in the course of employment include the payment of ongoing eligible health care insurance premiums.

Compensation for members of WSPRS Plans 1 and 2 who become totally disabled in the line of duty includes any payments for premiums for employer-provided medical insurance.

Material changes, if any, in WSPRS benefit provisions for the fiscal year ended June 30, 2014, are listed at the end of this section.

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

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

The methods used to determine the contribution requirements are established under state statute.

Employee contributions to WSPRS accrue interest at a rate specified by the director of DRS. During fiscal year 2014, the rate was 5.5 percent annually, compounded monthly. Members in WSPRS can elect to withdraw total employee contributions and interest earnings thereon upon separation from WSPRS-covered employment.

Required contribution rates for fiscal year 2014 are presented at the end of this section.

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

**Plan Description.** The Public Safety Employees' Retirement System (PSERS) was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions are established by chapter 41.37 RCW and may be amended only by the Legislature. PSERS membership includes full-time employees meeting specific eligibility criteria that are employed by Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, Washington State Patrol, Washington state counties, corrections departments of Washington state cities except for Seattle, Tacoma, and Spokane, or correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS is a cost-sharing, multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

**Benefits Provided.** PSERS provides retirement, disability, and death benefits to eligible members.

PSERS members are vested after an employee completes five years of eligible service. PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, or at age 53 with 20 years of service. A cost of living allowance (COLA) is granted based on the Consumer Price Index, capped at 3 percent

annually. PSERS members who retire prior to the age of 60 receive reduced benefits.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit amount is 2 percent of the AFC for each year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually.

PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

A one-time, duty-related death benefit is provided to the estate (or duly designated nominee) of a PSERS member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the director of the Department of Labor and Industries.

Material changes, if any, in PSERS benefit provisions for the fiscal year ended June 30, 2014, are listed at the end of this section.

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

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

The methods used to determine the contribution requirements are established under state statute.

Employee contributions to the plan accrue interest at a rate specified by the director of DRS. During fiscal year 2014, the rate was 5.5 percent compounded quarterly.

Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PSERS-covered employment.

Required contribution rates for fiscal year 2014 are presented at the end of this section.

### Judges' Retirement Fund

**Plan Description.** The Judges' Retirement Fund was created by the Legislature on March 22, 1937, pursuant to chapter 2.12 RCW, to provide retirement benefits to judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts of the state of Washington. Judges' retirement benefit provisions are established in chapter 2.12 RCW and may be amended only by the Legislature.

Judges' Retirement Fund is a single-employer, defined benefit retirement system. There are currently no active members in this plan.

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

Material changes, if any, in benefit provisions for Judges for the fiscal year ended June 30, 2014, are listed at the end of this section.

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

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

### Judicial Retirement System

**Plan Description.** The Judicial Retirement System (JRS) was established by the Legislature in 1971. JRS retirement benefit provisions are established in chapter 2.10 RCW and may be amended only by the Legislature. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts on or after August 9, 1971.

JRS is a single-employer, defined benefit retirement system. There are no active members remaining in the Judicial Retirement System.

**Benefits Provided.** JRS provides retirement, disability, and death benefits to eligible members.

JRS members are eligible for retirement at the age of 60 with 15 years of service, or at the age of 60 after 12 years of service (if the member left office involuntarily) with at least 15 years after beginning judicial service. The system was closed to new entrants on July 1, 1988, with new judges joining PERS.

The benefit per year of service calculated as a percent of final average salary (FAS) is shown in the table below. This benefit is capped at 75 percent of FAS, exclusive of cost-of-living increases.

Years of Service	Percent of FAS
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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 that the 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 FAS. For members with 10 or more years of service, a disability benefit of 50 percent of FAS is provided.

Material changes, if any, in JRS benefit provisions for the fiscal year ended June 30, 2014, are listed at the end of this section.

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

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

Employee contributions to the plan accrue interest at a rate specified by the director of DRS. During fiscal year 2014, the rate on employee contributions was 5.5 percent compounded quarterly. JRS members who are vested in the plan may not elect to withdraw their contributions upon termination.

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

Required contribution rates for fiscal year 2014 are presented at the end of this section.

#### Material Legislative Changes to DRS Administered Pension Plans

Material legislative changes to DRS administered pension plans for the fiscal year ended June 30, 2014, included:

System/Plan Affected	Effective Date	Description of the changes
LEOFF Plan 2	6/12/2014	The expiration date on the statutory provision in the LEOFF definition of fire fighter that includes emergency medical technicians (EMTs) is eliminated. This correction allows EMTs continued eligibility for membership in LEOFF.
LEOFF Plan 2	6/12/2014	Members of LEOFF Plan 2 may purchase an optional actuarially equivalent life annuity from the LEOFF Plan 2 Fund at the time of retirement.
TRS 3, PERS 3, SERS 3	6/12/2014	Currently, a TRS Plan 3 member has the option to change his or her contribution rate each year during the month of January. This bill would amend RCW 41.34.040 to remove this annual option, effective after January of 2015. While this statutory option applies to Plan 3 members of PERS and SERS as well, it has never been implemented in those plans. This modification is deemed necessary by the Internal Revenue Service in order to ensure the Plans 3 retain favorable tax qualification.
LEOFF Plan 2	7/28/2013	Allows catastrophically disabled LEOFF Plan 2 members to be reimbursed for premiums of medical insurance other than that which is provided by the employer, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), or Medicare A and/or B. The reimbursement would only be allowed for payments made after June 30, 2013, and would not exceed the amount reimbursed for premiums authorized by COBRA.

#### Required Contribution Rates

Required contribution rates (expressed as a percentage of current year covered payroll) for all retirement plans administered by DRS at the close of fiscal year 2014, were as follows:

Required Contribution Rates	Employer			Employee		
	Plan 1	Plan 2	Plan 3	Plan 1	Plan 2	Plan 3
<b><u>PERS</u></b>						
<b>Members Not Participating in JBM</b>						
State agencies*	9.21%	9.21%	9.21%	6.00%	4.92%	***
Local governmental units*	9.21%	9.21%	9.21%	6.00%	4.92%	***
State govt elected officials	13.73%	9.21%	9.21%	7.50%	4.92%	***
<b>Members Participating in JBM</b>						
State agencies*	11.71%	11.71%	11.71%	9.76%	9.80%	7.50%****
Local governmental units*	9.21%	9.21%	9.21%	12.26%	12.30%	7.50%****
<b><u>TRS</u></b>						
<b>Members Not Participating in JBM</b>						
State agencies*	10.39%	10.39%	10.39%**	6.00%	4.96%	***
Local governmental units*	10.39%	10.39%	10.39%**	6.00%	4.96%	***
State govt elected officials*	10.39%	10.39%	10.39%**	7.50%	4.96%	***
<b>Members Participating in JBM</b>						
State agencies*	10.39%	N/A	N/A	9.76%	N/A	N/A
<b><u>SERS</u></b>						
State agencies*	N/A	9.82%	9.82%	N/A	4.64%	***
Local governmental units*	N/A	9.82%	9.82%	N/A	4.64%	***
<b><u>LEOFF</u></b>						
Ports and universities*	N/A	8.59%	N/A	N/A	8.41%	N/A
Local governmental units*	0.18%	5.23%	N/A	N/A	8.41%	N/A
State of Washington	N/A	3.36%	N/A	N/A	N/A	N/A
<b><u>WSPRS</u></b>						
State agencies*	8.09%	8.09%	N/A	6.59%	6.59%	N/A
<b><u>PSERS</u></b>						
State agencies*	N/A	10.54%	N/A	N/A	6.36%	N/A
Local governmental units*	N/A	10.54%	N/A	N/A	6.36%	N/A
<b><u>JRS</u></b>						
State agencies*	7.50%	N/A	N/A	7.50%	N/A	N/A

\* Includes an administrative expense rate of 0.18%.

\*\* Plan 3 defined benefit portion only.

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

\*\*\*\* Minimum rate.

N/A indicates data not applicable.

### **C. PLAN ADMINISTERED BY THE STATE BOARD FOR VOLUNTEER FIRE FIGHTERS AND RESERVE OFFICERS**

**Plan Administration.** The Volunteer Fire Fighters' Relief Act was created by the Legislature in 1935 and the pension portion of the act was added in 1945. As established in chapter 41.24 RCW, the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) is a cost-sharing, multiple-employer defined benefit plan and is administered by the State Board for Volunteer Fire Fighters and Reserve Officers. The board is appointed by the Governor and is comprised of five members of fire departments covered by chapter 41.24 RCW. Administration costs of the VFFRPF are funded through legislative appropriation.

As of June 30, 2014, there were 500 municipalities contributing to the plan. Additionally, the state, a non-employer contributing entity, contributes 40 percent of the fire insurance premium tax.

**Plan Members:** Membership in the VFFRPF requires volunteer firefighter service with a fire department of an electing municipality of Washington state, emergency work as an emergency medical technician with an emergency medical service district, or work as a commissioned reserve law enforcement officer.

At June 30, 2013 (the date of the latest valuation), VFFRPF membership consisted of the following:

<b>Plan Membership</b>	
Inactive plan members or beneficiaries currently receiving benefits	4,117
Inactive plan members entitled to but not yet receiving benefits	6,123
Active plan members	10,230
<b>Total membership</b>	<b>20,470</b>

**Benefits:** VFFRPF retirement benefits are established in chapter 41.24 RCW and may be amended only by the Legislature. VFFRPF also provides death and active duty disability benefits to all members.

Since retirement benefits cover volunteer service, benefits are paid based on years of service not salary. Employers consist of fire departments, emergency medical service districts and law enforcement agencies. After 25 years of active membership, members having reached the age of 65 and who have paid their annual retirement fee for 25 years are entitled to receive a monthly benefit of \$50 plus \$10 per year of service. The maximum monthly benefit is \$300. Reduced pensions are

available for members under the age of 65 or with less than 25 years of service.

Members are vested after ten years of service. VFFRPF members earn no interest on contributions and may elect to withdraw their contributions upon termination.

Death and active duty disability benefits are provided at no cost to the member. Death benefits in the line of duty consist of a lump sum of \$214 thousand. Funeral and burial expenses are also paid in a lump sum of \$2 thousand for members on active duty. Members receiving disability benefits at the time of death shall be paid \$500.

Effective June 7, 2012, at any time prior to retirement or at the time of retirement, a member of the VFFRPF may purchase retirement pension coverage for years of eligible service prior to the member's enrollment in the system or for years of service credit lost due to the withdrawal of the member's pension fee contributions. A member choosing to purchase such retirement pension coverage must contribute to the system equal to the actuarial value of the resulting benefit increase.

There were no material changes in VFFRPF benefit provisions for the fiscal year ended June 30, 2014.

**Contributions.** VFFRPF retirement benefits are financed from a combination of investment earnings, member contributions, municipality contributions, and state contributions. In accordance with chapter 41.24 RCW, the state contribution is set at 40 percent of the fire insurance premium tax. For fiscal year 2014, the fire insurance premium tax contribution was \$6.4 million.

The municipality rate for emergency medical service districts (EMSD) and law enforcement agencies are set each year by the State Board for Volunteer Fire Fighters and Reserve Officers, based on the actual cost of participation as determined by the Office of the State Actuary. All other contribution rates are set by the Legislature. Municipalities may opt to pay the member's fee on their behalf.

The contribution rates set for 2014 are the following:

	<b>Firefighters</b>	<b>EMSD &amp; Reserve Officers</b>
Member fee	\$30.00	\$30.00
Municipality fee	30.00	90.00
<b>Total fee</b>	<b>\$60.00</b>	<b>\$120.00</b>

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

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

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

The Office of the State Treasurer (OST) manages a small portion of the assets for the VFFRPF. By statute, balances in the accounts in the state treasury and in the custody of the treasurer may be pooled for banking and investment purposes.

The overall objective of the OST investment policy is to construct, from eligible investments noted below, an investment portfolio that is optimal or efficient. An optimal or efficient portfolio is one that provides the greatest expected return for a given expected level of risk, or the lowest expected risk for a given expected return. Eligible investments are only those securities and deposits authorized by statute.

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

**Rate of return.** For the year ended June 30, 2014, the annual money-weighted rate of return on VFFRPF investments, net of pension plan investment expense, was 16.72 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of external cash flows.

**Pension liability.** The components of the net pension liability of the participating VFFRPF municipalities at June 30, 2014, were as follows:

Pension Liability (in thousands)	
Total Pension Liability	\$ 186,527
Plan Fiduciary Net Position	(204,195)
Participating Employers Net Pension Liability(Asset)	\$ (17,668)
Plan fiduciary net position as a percentage of the total pension liability	109.47%

**Actuarial assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014, using the following

actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75%
Salary increases	N/A
Investment rate of return	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the WSIB. Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain the following three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

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

The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

Rates of Return	
Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	0.08%
Tangible Assets	4.10%
Real Estate	5.30%
Global Equity	6.05%
Private Equity	9.05%

The inflation component used to create the above table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

As the VFFRPF has assets managed by both WSIB and OST, the long-term expected rate of return of 7.00% represents an approximate weighted-average of the assets managed by WSIB (7.50% expected return) and the assets managed by OST (4.00% expected return). In consultation with OST, OSA selected a 4.00% long-term investment rate of return on assets managed by OST. Based upon the investment portfolio, this assumption was calculated as 100 basis points above OSA's current assumption for total inflation of 3.00%.

**Discount rate.** The discount rate used to measure the total pension liability was 7.0 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments

of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.0 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.0 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members, municipalities, and the state will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the net pension liability of the employers calculated using the discount rate of 7 percent, as well as what the municipalities' net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6 percent) or 1 percentage point higher (8 percent) than the current rate.

Municipalities' Net Pension Liability(Asset) (in thousands)	
1% Decrease	8,632
Current Discount Rate	(17,668)
1% Increase	(38,820)

#### **D. STATE CONTRIBUTIONS REQUIRED AND PAID**

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

Plans	2014	2013	2012
PERS Plan 1	\$ 208.1	\$ 125.6	\$ 124.0
PERS Plan 2/3	203.7	182.9	182.8
TRS Plan 1	6.3	3.7	3.1
TRS Plan 2/3	1.1	1.2	1.1
PSERS Plan 2	8.2	7.5	7.4
LEOFF Plan 2	55.6	54.2	52.8
VFFRPF	6.4	6.0	5.6

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



## **E. FUNDED STATUS**

The funded status in accordance with the funding policy of each plan as of June 30, 2013, the most recent actuarial valuation date, is as follows (dollars in millions):

<b>Plans</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
PERS Plan 1	\$ 8,053.1	\$ 12,873.9	\$ 4,820.8	63%	\$ 317.8	1517%
PERS Plan 2/3*	24,334.6	26,539.5	2,204.9	92%	8,339.2	26%
TRS Plan 1	6,717.1	9,429.3	2,712.1	71%	183.2	1481%
TRS Plan 2/3*	8,406.1	8,793.7	387.6	96%	4,222.9	9%
SERS Plan 2/3*	3,334.6	3,581.4	246.7	93%	1,514.2	16%
LEOFF Plan 1	5,516.4	4,408.6	(1,107.9)	125%	14.8	0%
LEOFF Plan 2*	7,862.3	7,219.5	(642.8)	109%	1,596.8	0%
WSPRS Plan 1/2*	1,009.4	987.0	(22.3)	102%	80.1	0%
PSERS Plan 2*	224.2	217.6	(6.6)	103%	253.1	0%
JRS	3.9	108.2	104.3	4%	N/A	N/A
Judges	1.4	3.5	2.1	40%	N/A	N/A
VFFRPF	182.5	183.6	1.1	99%	N/A	N/A

N/A indicates data not applicable.

Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.

\* These plans use the aggregate actuarial cost method which does not identify or separately amortize unfunded actuarial liabilities. For this reason, the information shown above has been prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress of these plans.

Source: Washington State Office of the State Actuary

## F. ACTUARIAL ASSUMPTIONS AND METHODS

### Defined Benefit Pension Plans Administered by the State

The information was determined as part of the actuarial valuations in accordance with the funding policy 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	SERS Plan 2/3
<b>Valuation date</b>	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013
<b>Actuarial cost method</b>	Entry age normal <sup>(1)</sup>	Aggregate <sup>(2)</sup>	Entry age normal <sup>(1)</sup>	Aggregate <sup>(2)</sup>	Aggregate <sup>(2)</sup>
<b>Amortization method</b>					
Funding	Level % <sup>(4)</sup>	N/A	Level % <sup>(4)</sup>	N/A	N/A
GAAP reporting	Level \$	N/A	Level \$	N/A	N/A
<b>Remaining amortization years (closed)</b>	10-year rolling	N/A	10-year rolling	N/A	N/A
<b>Remaining amortization period (closed)</b>	N/A	N/A	N/A	N/A	N/A
<b>Asset valuation method</b>	8-year graded smoothed fair value <sup>(5)</sup>	8-year graded smoothed fair value <sup>(5)</sup>	8-year graded smoothed fair value <sup>(5)</sup>	8-year graded smoothed fair value <sup>(5)</sup>	8-year graded smoothed fair value <sup>(5)</sup>
<b>Actuarial assumptions</b>					
Investment rate of return <sup>(7)</sup>	7.80%	7.80%	7.80%	7.80%	7.80%
Projected salary increases					
Salary inflation at 3.75%, plus the merit increases described below:					
Initial salary merit (grades down to 0%)	6.0%	6.0%	5.1%	5.1%	6.6%
Merit period (years of service)	17 yrs	17 yrs	25 yrs	25 yrs	20 yrs
<b>Includes inflation at cost of living adjustments</b>	N/A Minimum COLA <sup>(6)</sup>	3.00% CPI increase, maximum 3%	N/A Minimum COLA <sup>(6)</sup>	3.00% CPI increase, maximum 3%	3.00% CPI increase, maximum 3%

N/A indicates data not applicable.

<sup>(1)</sup> PERS and TRS Plans 1 use a variation of the entry age normal (EAN) cost method, whereas LEOFF Plan 1 uses a variation of the frozen initial liability (FIL) cost method.

<sup>(2)</sup> The aggregate cost method does not identify or separately amortize unfunded actuarial accrued liabilities.

<sup>(3)</sup> Pay as you go basis for funding.

<sup>(4)</sup> Level percent of system payroll, including system growth.

<sup>(5)</sup> Asset Valuation Method - eight 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 eight years or, if fewer, the completed years since adoption, at the following rates per year (annual recognition). The annual gain/loss for VFFRPF and LEOFF Plan 2 are centered around a 7.0 percent and 7.5 percent expected rate of return, respectively, instead of 7.8 percent.

Annual Gain/Loss			Annual Gain/Loss		
Rate of Return	Smoothing Period	Annual Recognition	Rate of Return	Smoothing Period	Annual Recognition
14.9% and Up	8 years	12.50%	5.9-6.9%	2 years	50.00%
13.9-14.9%	7 years	14.29%	4.9-5.9%	3 years	33.33%
12.9-13.9%	6 years	16.67%	3.9-4.9%	4 years	25.00%
11.9-12.9%	5 years	20.00%	2.9-3.9%	5 years	20.00%
10.9-11.9%	4 years	25.00%	1.9-2.9%	6 years	16.67%
9.9-10.9%	3 years	33.33%	0.9-1.9%	7 years	14.29%
8.9-9.9%	2 years	50.00%	0.9% and lower	8 years	12.50%
6.9-8.9%	1 year	100.00%			

LEOFF Plan 1	LEOFF Plan 2	PSERS Plan 2	WSPRS	JRS	Judges	VFFRPF
6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013
Frozen initial liability <sup>(1)</sup>	Aggregate <sup>(2)</sup>	Aggregate <sup>(2)</sup>	Aggregate <sup>(2)</sup>	Entry age <sup>(3)</sup>	Entry age <sup>(3)</sup>	Entry age <sup>(7)</sup>
Level % <sup>(4)</sup>	N/A	N/A	N/A	N/A	N/A	Level \$
Level \$	N/A	N/A	N/A	Level \$	Level \$	Level \$
11	N/A	N/A	N/A	5-year rolling	5-year rolling	15-year rolling
6/30/2024	N/A	N/A	N/A	N/A	N/A	N/A
8-year graded smoothed fair value <sup>(5)</sup>	8-year graded smoothed fair value <sup>(5)</sup>	8-year graded smoothed fair value <sup>(5)</sup>	8-year graded smoothed fair value <sup>(5)</sup>	Market	Market	8-year graded smoothed fair value <sup>(5)</sup>
7.80%	7.50%	7.80%	7.80%	4.00%	4.00%	7.00%
10.7%	10.7%	6.0%	8.5%	0.0%	0.0%	N/A
25 yrs	25 yrs	17 yrs	27 yrs	N/A	N/A	N/A
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	N/A
CPI increase	CPI increase, maximum 3%	CPI increase, maximum 3%	CPI increase, maximum 3%	CPI increase, maximum 3%	None	None

<sup>(6)</sup> The PERS Plan 1 and TRS Plan 1 COLA: Qualifying retirees receive an increase in their monthly benefit once a year. The COLA on minimum benefit levels is calculated as the last unrounded minimum COLA amount increased by 3 percent, rounded to the nearest penny. These are some historical monthly COLA amounts per year of service:

Date	COLA Type	Amount
7/1/2009	Uniform	\$1.83
7/1/2010	Uniform	\$1.88
7/1/2011	Minimum	\$1.94
7/1/2012	Minimum	\$2.00
7/1/2013	Minimum	\$2.06
7/1/2014	Minimum	\$2.12

<sup>(7)</sup> VFFRPF uses the Entry Age Funding Method for Pensions, and the Aggregate Funding Method for the Relief Costs.

<sup>(8)</sup> The Legislature prescribes the assumed rate of investment return for all plans except JRS, Judges, and VFFRPF.

## **G. 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 defined benefit plans are as follows (dollars in millions):

<b>Annual Pension Cost and Net Pension Obligation</b>	<b>WSPRS</b>	<b>JRS</b>	<b>Judges</b>
Annual required contribution	\$7.3	\$22.5	\$0.5
Interest on NPO	(1.6)	2.8	0.0
Adjustment to annual required contribution	2.5	(15.1)	(0.0)
Annual pension cost	8.2	10.2	0.5
Less: Contributions made	6.6	10.6	0.0
Increase (decrease) in NPO	1.6	(0.4)	0.5
NPO at beginning of year	(20.0)	70.1	0.1
NPO at end of year	<u><u>\$(18.4)</u></u>	<u><u>\$69.7</u></u>	<u><u>\$0.6</u></u>

## **H. THREE YEAR HISTORICAL TREND INFORMATION**

The following table presents three-year trend information for the state's single employer defined benefit plans (dollars in millions):

<b>Single Employer Plans</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>WSPRS</b>			
Annual pension cost	\$8.2	\$3.3	\$3.6
% of APC contributed	80.5	197.0	180.6
NPO	\$(18.4)	\$(20.0)	\$(16.8)
<b>JRS</b>			
Annual pension cost	\$10.2	\$9.2	\$10.5
% of APC contributed	103.9	109.8	77.1
NPO	\$69.7	\$70.1	\$71.0
<b>Judges</b>			
Annual pension cost	\$0.5	\$0.5	\$0.4
% of APC contributed	0.0	0.0	0.0
NPO	\$0.6	\$0.1	\$(0.4)

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

## **I. CHANGES IN ACTUARIAL ASSUMPTIONS, METHODS, AND BENEFIT PROVISIONS**

The assumed return on investment earnings decreased from 7.9 percent to 7.8 percent for all plans except LEOFF Plan 2, JRS, Judges and VFFRPF, which stayed at the current percentages.

Several changes were made to demographic assumption in fiscal year 2014. The demographic change with the largest impact was changing scales for the mortality improvement assumption.

The assumed administrative factors were changed to be consistent with those used by the Department of Retirement Systems.

There were no material method changes for fiscal year 2014.

There were no changes in benefit provisions for the fiscal year 2014 reporting period.

## **J. HIGHER EDUCATION RETIREMENT PLAN SUPPLEMENTAL DEFINED BENEFIT PLAN**

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

An actuarial valuation of the supplemental component of the Higher Education Retirement plans was done at the end of fiscal year 2013. The previous valuation was performed in 2011.

The Unfunded Actuarial Accrued Liability (UAL) calculated as of June 30, 2013, and 2011, was \$460.8 million and \$357.4 million, respectively, and is amortized over an 11 year period. The Annual Required Contribution (ARC) of \$63.8 million includes amortization of the UAL (\$44.5 million) and normal cost or current cost (\$18.1 million).

The UAL and ARC were established using the entry age normal cost method. The actuarial assumptions included an investment rate of return of 4.3 to 7.5 percent and projected salary increases ranging from 2 to 4 percent. Approximately \$1.76 billion and \$1.91 billion of payroll were covered under these plans during 2013 and 2011, respectively.

Beginning in January 2012, higher education employers were required to make contributions to the Higher Education Retirement Plan Supplemental Benefit Fund to begin prefunding the net pension obligation related to the supplemental benefits of the higher education retirement plans. The Higher Education Retirement Plan Supplemental Benefit Fund is administered by the Department of Retirement Systems and invested by the Washington State Investment Board. The contribution rate for fiscal year 2014 was 0.5 percent of pay for employees covered by higher education retirement plans. The Higher Education Retirement Plan Supplemental Benefit Fund was not created as a pension trust fund and is reported by the state as an administrative account in the General Fund.

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

<b>Net Pension Obligation</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual required contribution	\$63.8	\$63.8	\$49.8
Payments to beneficiaries	(5.6)	(4.9)	(4.1)
Increase (decrease) in NPO	58.2	58.9	45.7
NPO at beginning of year	270.3	211.4	165.7
NPO at end of year	\$328.5	\$270.3	\$211.4

## **K. DEFINED CONTRIBUTION PLANS**

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### **Public Employees' Retirement System Plan 3**

The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer to section B of this note for PERS Plan descriptions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in PERS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from investments of those contributions upon separation from PERS-covered employment.

For fiscal year 2014, covered payroll was \$1.61 billion, employee contributions required and made were \$105.2 million, and plan refunds paid out were \$83.4 million.

### **Teachers' Retirement System Plan 3**

The Teachers' Retirement System (TRS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer to section B of this note for TRS Plan descriptions.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of TRS Plan 3.

TRS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, TRS Plan 3 investments are made in the retirement strategy fund that assumes the member will retire at age 65.

TRS Plan 3 defined contribution benefits are financed from employee contributions and investment earnings.

Members in TRS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from investments of those contributions upon separation from TRS-covered employment.

For fiscal year 2014, covered payroll was \$3.60 billion, employee contributions required and made were \$273.7 million and plan refunds paid out were \$238.7 million.

### **School Employees' Retirement System Plan 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). 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 chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of SERS Plan 3.

SERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, SERS Plan 3 investments are made in the retirement strategy fund that assumes the member will retire at age 65.

Members in SERS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from investments of those contributions upon separation from SERS-covered employment.

For fiscal year 2014, covered payroll was \$928.5 million, employee contributions required and made were \$60.8 million and plan refunds paid out were \$74.7 million.

### **Judicial Retirement Account**

The Judicial Retirement Account (JRA) Plan was established by the Legislature in 1988 to provide supplemental retirement benefits. It is a defined contribution plan administered by the state Administrative Office of the Courts (AOC), under the direction of the Board for Judicial Administration. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts, and who are members of PERS for their services as a judge. Vesting is full and immediate. At June 30, 2014, there were five active members and 152 inactive members in JRA. The state, through the AOC, is the sole participating employer.

From January 1, 2007, through December 31, 2007, any judicial members of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) eligible to participate in JRA were able to make a one-time irrevocable election to discontinue future contributions to JRA, in lieu of prospective contributions to the Judicial Benefit Multiplier (JBM) Program. Beginning January 1, 2007, any newly elected or appointed Supreme Court justice, Court of Appeals judge, or Superior Court judge could no longer participate in JRA and would be enrolled in the JBM Program (enacted in 2006).

JRA Plan members are required to contribute 2.5 percent of covered salary. The state, as employer, contributes an equal amount on a monthly basis. The employer and employee obligations to contribute are established per chapter 2.14 RCW. Plan provisions and contribution requirements are established in state statute and may be amended only by the Legislature.

A JRA member who separates from judicial service for any reason is entitled to receive a lump-sum distribution of the accumulated contributions. The administrator of JRA may adopt rules establishing other payment options. If a member dies, the amount of accumulated contributions standing to the member's credit at the time of the member's death is to be paid to the member's estate, or such person or persons, trust or organization as the member has nominated by written designation.

For fiscal year 2014, covered payroll was \$991 thousand and the contribution requirement was \$50 thousand. Actual employer and employee contributions were \$25 thousand and \$25 thousand respectively. Plan benefits paid out for fiscal year 2014 totaled \$668 thousand.

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

responsible for all record keeping, accounting, and reporting of member accounts and the WSIB is granted the full power to establish investment policy, develop participant investment options and manage the investment funds for the JRA Plan, consistent with the provisions of RCW 2.14.080 and 43.84.150.

### **Higher Education Retirement Plans**

The Higher Education Retirement Plans are privately administered defined contribution plans with a supplemental defined benefit plan component. The state and regional universities, the state college, the state community and technical colleges and the Student Achievement Council each participate in a plan. As authorized by chapter 28B.10 RCW, the plans cover faculty and other positions as designated by each participating employer.

Contributions to the plans are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have, at all times, a 100 percent vested interest in their accumulations.

RCW 28B.10.400, et. seq. assigns the authority to establish and amend benefit provisions to the board of regents of the state universities, the boards of trustees of the regional universities and the state college, the state board for community colleges, and the Student Achievement Council.

Employee contribution rates, based on age, range from 5 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 2014, covered payroll was \$2.18 billion. Employer and employee contributions were \$182.5 and \$182.5 million respectively, for a total of \$365.0 million. These contribution amounts represent approximately 8.38 and 8.38 percent of covered payroll for employers and employees, respectively.

### **L. PLAN NET POSITION AND CHANGES IN PLAN NET POSITION**

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

# Combining Statement of Plan Net Position Pension and Other Employee Benefit Funds

June 30, 2014

(expressed in thousands)

continued

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1	TRS Plan 2/3 Defined Benefit
<b>ASSETS</b>					
Cash and pooled investments	\$ 681	\$ 7,550	\$ 277	\$ 1,030	\$ 11,591
Receivables:					
Employer accounts receivable	3,372	60,555	4,860	1,581	33,860
Member accounts receivable (net of allowance)	747	198	-	248	23
Due from other pension and other employee benefit funds	2,523	-	317	2,801	1,125
Interest and dividends	23,912	84,396	4,071	19,553	29,313
Investment trades pending	137,171	484,304	23,358	112,167	168,198
Total Receivables	167,725	629,453	32,606	136,350	\$ 232,519
Investments, Noncurrent:					
Public equity	2,979,542	10,519,833	1,468,262	2,436,418	3,653,495
Fixed income	1,840,675	6,498,850	313,445	1,505,149	2,257,024
Private equity	1,834,403	6,476,705	312,376	1,500,020	2,249,334
Real estate	993,327	3,507,126	169,151	812,259	1,218,011
Security lending	109,221	385,626	18,599	89,312	133,926
Liquidity	177,402	626,197	35,952	146,489	228,979
Tangible assets	136,746	482,807	23,286	111,819	167,677
Total Investments, Noncurrent	8,071,316	28,497,144	2,341,071	6,601,466	9,908,446
<b>Total Assets</b>	<b>8,239,722</b>	<b>29,134,147</b>	<b>2,373,954</b>	<b>6,738,846</b>	<b>10,152,556</b>
<b>LIABILITIES</b>					
Obligations under security lending agreements	109,567	385,626	18,964	89,580	133,926
Accrued liabilities	188,558	647,196	34,870	155,006	225,340
Due to other pension and other employee benefit funds	-	2,272	-	-	2,801
Unearned revenues	41	243	-	25	-
<b>Total Liabilities</b>	<b>298,166</b>	<b>1,035,337</b>	<b>53,834</b>	<b>244,611</b>	<b>362,067</b>
<b>NET POSITION</b>					
Net position held in trust for:					
Pension Benefits	7,941,556	28,098,810	2,320,120	6,494,235	9,790,489
(Schedule of Funding Progress by Plan begins on Page 171)					
Deferred compensation participants	-	-	-	-	-
<b>Total Net Position</b>	<b>\$ 7,941,556</b>	<b>\$ 28,098,810</b>	<b>\$ 2,320,120</b>	<b>\$ 6,494,235</b>	<b>\$ 9,790,489</b>



# Combining Statement of Plan Net Position Pension and Other Employee Benefit Funds

June 30, 2014

(expressed in thousands)

continued

	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit	SERS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
<b>ASSETS</b>					
Cash and pooled investments	\$ 5,096	\$ 6,922	\$ 1,149	\$ 749	\$ 1,585
Receivables:					
Employer accounts receivable	23,305	12,577	5,146	653	14,180
Member accounts receivable (net of allowance)	-	10	-	152	32
Due from other pension and other employee benefit funds	-	310	-	-	-
Interest and dividends	12,667	11,548	3,685	17,215	27,800
Investment trades pending	72,683	66,270	21,142	98,770	159,531
Total Receivables	108,655	90,715	29,973	116,790	201,543
Investments, Noncurrent:					
Public equity	4,296,255	1,439,462	879,100	2,145,450	3,465,287
Fixed income	975,330	889,258	283,707	1,325,397	2,140,754
Private equity	972,007	886,228	282,740	1,320,881	2,133,460
Real estate	526,340	479,891	153,103	715,255	1,155,265
Security lending	57,874	52,766	16,835	78,646	127,027
Liquidity	111,030	86,841	31,251	127,477	206,438
Tangible assets	72,458	66,064	21,077	98,465	159,039
Total Investments, Noncurrent	7,011,294	3,900,510	1,667,813	5,811,571	9,387,270
<b>Total Assets</b>	<b>7,125,045</b>	<b>3,998,147</b>	<b>1,698,935</b>	<b>5,929,110</b>	<b>9,590,398</b>
<b>LIABILITIES</b>					
Obligations under security lending agreements	58,380	52,766	17,077	78,750	127,110
Accrued liabilities	102,587	88,841	31,279	131,552	212,486
Due to other pension and other employee benefit funds	1,125	454	310	-	-
Unearned revenues	-	1	-	-	-
<b>Total Liabilities</b>	<b>162,092</b>	<b>142,062</b>	<b>48,666</b>	<b>210,302</b>	<b>339,596</b>
<b>NET POSITION</b>					
Net position held in trust for:					
Pension Benefits	6,962,953	3,856,085	1,650,269	5,718,808	9,250,802
(Schedule of Funding Progress by Plan begins on Page 171)					
Deferred compensation participants	-	-	-	-	-
<b>Total Net Position</b>	<b>\$ 6,962,953</b>	<b>\$ 3,856,085</b>	<b>\$ 1,650,269</b>	<b>\$ 5,718,808</b>	<b>\$ 9,250,802</b>

# Combining Statement of Plan Net Position Pension and Other Employee Benefit Funds

June 30, 2014

(expressed in thousands)

continued

	WSPRS Plan 1/2	PSERS Plan 2	JRS	JRA
<b>ASSETS</b>				
Cash and pooled investments	\$ 600	\$ 454	\$ 5,062	\$ 12
Receivables:				
Employer accounts receivable	499	2,321	-	-
Member accounts receivable (net of allowance)	2	-	-	2
Due from other pension and other employee benefit funds	-	-	-	-
Interest and dividends	3,302	897	-	-
Investment trades pending	18,949	5,151	3	-
Total Receivables	22,752	8,369	3	2
Investments, Noncurrent:				
Public equity	411,606	111,884	-	13,020
Fixed income	254,278	69,119	-	-
Private equity	253,411	68,883	-	-
Real estate	137,222	37,300	-	-
Security lending	15,088	4,101	-	-
Liquidity	25,110	9,231	143	-
Tangible assets	18,891	5,135	-	-
Total Investments, Noncurrent	1,115,606	305,653	143	13,020
<b>Total Assets</b>	<b>1,138,958</b>	<b>314,476</b>	<b>5,208</b>	<b>13,034</b>
<b>LIABILITIES</b>				
Obligations under security lending agreements	15,120	4,115	146	-
Accrued liabilities	25,411	6,880	32	3
Due to other pension and other employee benefit funds	-	114	-	-
Unearned revenues	-	-	-	-
<b>Total Liabilities</b>	<b>40,531</b>	<b>11,109</b>	<b>178</b>	<b>3</b>
<b>NET POSITION</b>				
Net position held in trust for:				
Pension Benefits	1,098,427	303,367	5,030	13,031
(Schedule of Funding Progress by Plan begins on Page 171)				
Deferred compensation participants	-	-	-	-
<b>Total Net Position</b>	<b>\$ 1,098,427</b>	<b>\$ 303,367</b>	<b>\$ 5,030</b>	<b>\$ 13,031</b>

# Combining Statement of Plan Net Position Pension and Other Employee Benefit Funds

June 30, 2014

(expressed in thousands)

concluded

	Judges	VFFRPF	Deferred Compensation	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 958	\$ 4,660	\$ 5,291	\$ 53,667
Receivables:				
Employer accounts receivable	-	-	-	162,909
Member accounts receivable (net of allowance)	-	-	911	2,325
Due from other pension and other employee benefit funds	-	-	-	7,076
Interest and dividends	-	601	-	238,960
Investment trades pending	-	3,451	2	1,371,150
Total Receivables	-	4,052	913	1,782,420
Investments, Noncurrent:				
Public equity	-	74,946	3,575,737	37,470,297
Fixed income	-	46,300	-	18,399,286
Private equity	-	46,142	-	18,336,590
Real estate	-	24,986	-	9,929,236
Security lending	-	2,747	-	1,091,768
Liquidity	26	4,495	113	1,817,174
Tangible assets	-	3,440	-	1,366,904
Total Investments, Noncurrent	26	203,056	3,575,850	88,411,255
<b>Total Assets</b>	<b>984</b>	<b>211,768</b>	<b>3,582,054</b>	<b>90,247,342</b>
<b>LIABILITIES</b>				
Obligations under security lending agreements	27	2,879	116	1,094,149
Accrued liabilities	1	4,694	4,183	1,858,919
Due to other pension and other employee benefit funds	-	-	-	7,076
Unearned revenues	-	-	-	310
<b>Total Liabilities</b>	<b>28</b>	<b>7,573</b>	<b>4,299</b>	<b>2,960,454</b>
<b>NET POSITION</b>				
Net position held in trust for:				
Pension Benefits (Schedule of Funding Progress by Plan begins on Page 171)	956	204,195	-	83,709,133
Deferred compensation participants	-	-	3,577,755	3,577,755
<b>Total Net Position</b>	<b>\$ 956</b>	<b>\$ 204,195</b>	<b>\$ 3,577,755</b>	<b>\$ 87,286,888</b>

# Combining Statement of Changes in Plan Net Position Pension and Other Employee Benefit Funds

For the Fiscal Year Ended June 30, 2014

(expressed in thousands)

continued

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1	TRS Plan 2/3 Defined Benefit
<b>ADDITIONS</b>					
Contributions:					
Employers	\$ 448,895	\$ 430,345	\$ -	\$ 200,674	\$ 249,341
Members	28,087	368,252	\$ 105,183	14,626	44,013
State	-	-	-	-	-
Participants	-	-	-	-	-
<b>Total Contributions</b>	<b>476,982</b>	<b>798,597</b>	<b>105,183</b>	<b>215,300</b>	<b>293,354</b>
Investment Income:					
Net appreciation (depreciation) in fair value	1,157,751	3,922,915	313,388	952,901	1,359,567
Interest and dividends	186,034	629,408	31,233	153,078	218,129
Less: investment expenses	(31,789)	(107,392)	(5,953)	(26,175)	(37,801)
<b>Net investment income (loss)</b>	<b>1,311,996</b>	<b>4,444,931</b>	<b>338,668</b>	<b>1,079,804</b>	<b>1,539,895</b>
Transfers from other pension plans	36	141	1,871	51	44
Other additions	-	-	-	-	-
<b>Total Additions</b>	<b>1,789,014</b>	<b>5,243,669</b>	<b>445,722</b>	<b>1,295,155</b>	<b>1,833,293</b>
<b>DEDUCTIONS</b>					
Pension benefits	1,189,496	567,096	-	925,975	149,522
Pension refunds	4,219	33,767	83,359	2,262	1,988
Transfers to other pension plans	-	2,440	326	-	445
Administrative expenses	506	617	2	143	76
Distributions to participants	-	-	-	-	-
<b>Total Deductions</b>	<b>1,194,221</b>	<b>603,920</b>	<b>83,687</b>	<b>928,380</b>	<b>152,031</b>
<b>Net Increase (Decrease)</b>	<b>594,793</b>	<b>4,639,749</b>	<b>362,035</b>	<b>366,775</b>	<b>1,681,262</b>
<b>Net Position - Beginning</b>	<b>7,346,763</b>	<b>23,459,061</b>	<b>1,958,085</b>	<b>6,127,460</b>	<b>8,109,227</b>
<b>Net Position - Ending</b>	<b>\$ 7,941,556</b>	<b>\$ 28,098,810</b>	<b>\$ 2,320,120</b>	<b>\$ 6,494,235</b>	<b>\$ 9,790,489</b>

# Combining Statement of Changes in Plan Net Position Pension and Other Employee Benefit Funds

For the Fiscal Year Ended June 30, 2014

(expressed in thousands)

continued

	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit	SERS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
<b>ADDITIONS</b>					
Contributions:					
Employers	\$ -	\$ 88,783	\$ -	\$ 98	\$ 85,532
Members	273,656	31,857	60,766	844	151,042
State	-	-	-	-	55,550
Participants	-	-	-	-	-
<b>Total Contributions</b>	<b>273,656</b>	<b>120,640</b>	<b>60,766</b>	<b>942</b>	<b>292,124</b>
Investment Income:					
Net appreciation (depreciation) in fair value	966,000	536,742	222,334	824,335	1,285,184
Interest and dividends	96,246	86,098	27,954	132,383	206,190
Less: investment expenses	(18,206)	(14,858)	(4,951)	(22,594)	(36,103)
<b>Net investment income (loss)</b>	<b>1,044,040</b>	<b>607,982</b>	<b>245,337</b>	<b>934,124</b>	<b>1,455,271</b>
Transfers from other pension plans	1,116	42	682	-	265
Other additions	-	-	-	-	-
<b>Total Additions</b>	<b>1,318,812</b>	<b>728,664</b>	<b>306,785</b>	<b>935,066</b>	<b>1,747,660</b>
<b>DEDUCTIONS</b>					
Pension benefits	-	82,070	-	355,740	124,921
Pension refunds	238,719	1,879	74,680	248	9,028
Transfers to other pension plans	721	504	302	-	24
Administrative expenses	-	30	-	44	273
Distributions to participants	-	-	-	-	-
<b>Total Deductions</b>	<b>239,440</b>	<b>84,483</b>	<b>74,982</b>	<b>356,032</b>	<b>134,246</b>
<b>Net Increase (Decrease)</b>	<b>1,079,372</b>	<b>644,181</b>	<b>231,803</b>	<b>579,034</b>	<b>1,613,414</b>
<b>Net Position - Beginning</b>	<b>5,883,581</b>	<b>3,211,904</b>	<b>1,418,466</b>	<b>5,139,774</b>	<b>7,637,388</b>
<b>Net Position - Ending</b>	<b>\$ 6,962,953</b>	<b>\$ 3,856,085</b>	<b>\$ 1,650,269</b>	<b>\$ 5,718,808</b>	<b>\$ 9,250,802</b>

# Combining Statement of Changes in Plan Net Position Pension and Other Employee Benefit Funds

For the Fiscal Year Ended June 30, 2014

(expressed in thousands)

continued

	WSPRS Plan 1/2	PSERS Plan 2	JRS	JRA
<b>ADDITIONS</b>				
Contributions:				
Employers	\$ 6,587	\$ 17,124	\$ 10,600	\$ 25
Members	6,554	17,446	-	25
State	-	-	-	-
Participants	-	-	-	-
Total Contributions	13,141	34,570	10,600	50
Investment Income:				
Net appreciation (depreciation) in fair value	156,073	39,842	15	1,349
Interest and dividends	25,055	6,387	10	41
Less: investment expenses	(4,272)	(1,086)	-	(20)
Net investment income (loss)	176,856	45,143	25	1,370
Transfers from other pension plans	509	5	-	-
Other additions	-	-	-	-
<b>Total Additions</b>	<b>190,506</b>	<b>79,718</b>	<b>10,625</b>	<b>1,420</b>
<b>DEDUCTIONS</b>				
Pension benefits	47,142	256	9,479	668
Pension refunds	367	2,194	-	-
Transfers to other pension plans	-	-	-	-
Administrative expenses	83	8	-	-
Distributions to participants	-	-	-	-
<b>Total Deductions</b>	<b>47,592</b>	<b>2,458</b>	<b>9,479</b>	<b>668</b>
<b>Net Increase (Decrease)</b>	<b>142,914</b>	<b>77,260</b>	<b>1,146</b>	<b>752</b>
<b>Net Position - Beginning</b>	<b>955,513</b>	<b>226,107</b>	<b>3,884</b>	<b>12,279</b>
<b>Net Position - Ending</b>	<b>\$ 1,098,427</b>	<b>\$ 303,367</b>	<b>\$ 5,030</b>	<b>\$ 13,031</b>

# Combining Statement of Changes in Plan Net Position Pension and Other Employee Benefit Funds

For the Fiscal Year Ended June 30, 2014

(expressed in thousands)

concluded

	Judges	VFFRPF	Deferred Compensation	Total
<b>ADDITIONS</b>				
Contributions:				
Employers	\$ -	\$ 953	\$ -	\$ 1,538,957
Members	-	95	-	1,102,446
State	-	6,383	-	61,933
Participants	-	-	190,538	190,538
Total Contributions	-	7,431	190,538	2,893,874
Investment Income:				
Net appreciation (depreciation) in fair value	6	28,144	391,842	12,158,388
Interest and dividends	2	4,516	10,239	1,813,003
Less: investment expenses	-	(768)	(4,738)	(316,706)
Net investment income (loss)	8	31,892	397,343	13,654,685
Transfers from other pension plans	-	-	-	4,762
Other additions	-	-	314	314
<b>Total Additions</b>	<b>8</b>	<b>39,323</b>	<b>588,195</b>	<b>16,553,635</b>
<b>DEDUCTIONS</b>				
Pension benefits	444	10,771	-	3,463,580
Pension refunds	-	22	-	452,732
Transfers to other pension plans	-	-	-	4,762
Administrative expenses	-	1,469	-	3,251
Distributions to participants	-	-	212,298	212,298
<b>Total Deductions</b>	<b>444</b>	<b>12,262</b>	<b>212,298</b>	<b>4,136,623</b>
<b>Net Increase (Decrease)</b>	<b>(436)</b>	<b>27,061</b>	<b>375,897</b>	<b>12,417,012</b>
<b>Net Position - Beginning</b>	<b>1,392</b>	<b>177,134</b>	<b>3,201,858</b>	<b>74,869,876</b>
<b>Net Position - Ending</b>	<b>\$ 956</b>	<b>\$ 204,195</b>	<b>\$ 3,577,755</b>	<b>\$ 87,286,888</b>

## Note 12

### Other Postemployment Benefits

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

#### Plan Description and Contributions Information

Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB) created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. PEBB programs include medical, dental, life and long-term disability.

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs.

Employers participating in the PEBB plan include the state (which includes general government agencies and higher education institutions), 60 of the state's K-12 schools and educational service districts (ESDs), and 221 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 237 K-12 schools and ESDs. As of June 2014, membership in the PEBB plan consisted of the following:

	Active Employees	Retirees <sup>(1)</sup>	Total
State	108,291	29,674	137,965
K-12 schools and ESDs <sup>(2)</sup>	2,138	31,642	33,780
Political subdivisions	12,079	1,547	13,626
Total	122,508	62,863	185,371

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

<sup>(2)</sup>In fiscal year 2014, there were 101,445 full-time equivalent active employees in the 237 K-12 schools and ESDs that elected to limit participation in PEBB only to their retirees.

For fiscal year 2014, the estimated monthly cost for PEBB benefits for active employees (average across all plans and tiers) is as follows:

Required Premium <sup>(3)</sup>	
Medical	\$ 930
Dental	81
Life	4
Long-term disability	2
Total	<u>\$1,017</u>
Employer contribution	\$ 880
Employee contribution	137
Total	<u>\$1,017</u>

<sup>(3)</sup> Per 2014 Index Rate Model 3.

The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following retirement systems: PERS, PSERS, TRS, SERS, WSPRS, and Higher Education.

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium. In calendar year 2013, the average weighted implicit subsidy was valued at \$294 per member per month, and in calendar year 2014, the average weighted implicit subsidy is projected to be \$291 per member per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. In calendar year 2013, the explicit subsidy was up to \$150 per member per month, and it remained up to \$150 per member per month in calendar year 2014.

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

Contributions are set each biennium as part of the budget process. In fiscal year 2014, the cost of the subsidies was approximately 5.9 percent of the cost of



benefits for active employees. The benefits are funded on a pay-as-you-go basis.

Each participating employer in the plan is required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to:

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

### Summary of Significant Accounting Policies

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

### Annual OPEB Cost and Net OPEB Obligation

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

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

The following tables show the components of the state's annual OPEB cost for fiscal year 2014 and changes in the state's Net OPEB Obligation (NOO) (expressed in thousands). All contributions required by the funding method were paid.

Annual required contribution	\$ 353,842
Interest on net OPEB obligation	64,551
Amortization of net OPEB obligation	(59,951)
Annual OPEB cost (expense)	358,442
Contributions made	(77,650)
Increase in net OPEB obligation	280,792
Net OPEB obligation - beginning of year	1,613,775
Net OPEB obligation - end of year*	\$1,894,567
*estimated	

The state's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB Significant methods and assumptions were as follows:

obligation for fiscal years 2014, 2013, and 2012 were as follows (dollars expressed in thousands):

	2014	2013	2012
Annual OPEB cost	\$ 358,442	\$347,033	\$330,286
% of annual OPEB cost contributed	21.7%	19.9%	23.8%
Net OPEB obligation	\$1,894,567	\$1,613,775	\$1,279,381

### Funded Status and Funding Progress

The funded status of the plan as of January 1, 2013, the latest date for which information is available, was as follows (expressed in thousands):

Actuarial accrued liability (AAL)	\$3,706,856
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$3,706,856
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$5,786,960
UAAL as a percentage of covered payroll	64.1%

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

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

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuation date	January 1, 2013
Actuarial cost method	Projected Unit Credit (PUC)
Amortization method	Closed, level percentage of projected payroll amortization method
Remaining amortization period	30 years for each new layer of NOO
Asset valuation method	N/A - no assets
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.75%
Health care inflation rate	8.0% initial rate, 5.0% ultimate rate in 2093
Inflation rate	3.0%

## Note 13

### Commitments and Contingencies

#### A. CAPITAL COMMITMENTS

Outstanding commitments related to state infrastructure and facility construction, improvement, and/or renovation totaled \$2.72 billion at June 30, 2014.

#### B. ENCUMBRANCES

Encumbrances, which represent commitments related to unperformed contracts for goods or services, are included in restricted, committed or assigned fund balance, as appropriate. Operating encumbrances lapse at the end of the applicable appropriation. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. Encumbrances outstanding against continuing appropriations at the end of fiscal year 2014 are (in thousands):

General Fund	\$ 1,629
Higher Education Special Revenue Fund	169
Nonmajor Governmental Funds	21,040

#### C. SUMMARY OF SIGNIFICANT LITIGATION

##### Pending Litigation

The state and its agencies are parties to numerous routine legal proceedings that normally occur in governmental operations. In addition, at any given point, there may be numerous lawsuits involving the implementation, reduction, or elimination of specific state programs that could significantly impact expenditures, revenues, and potentially have future budgetary impact. This summary considers significant

litigation not covered by tort insurance. Tort case liabilities are disclosed in Note 7.E, Claims and Judgments, Risk Management.

The state is the defendant in a number of cases alleging inadequate funding of state programs or services. Claims include: funding inadequacies and inequities in basic education; inadequate funding for care of foster children, the disabled, and elderly; and inadequate funding for the provision of, daily personal care, medical and mental health services to children, the elderly, and the disabled. Collective claims in these programmatic and service cases exceed \$142 million exclusive of the basic education case, which will be substantial but is difficult to quantify at this juncture. In addition, adverse rulings in some of these cases could result in significant future costs.

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

The Department of Revenue routinely has claims for refunds in various stages of administrative and legal review. Cases involving claims for refunds currently total approximately \$33 million, though an adverse ruling could result in additional claims being brought by similarly situated taxpayers. In addition, the state is defending cases challenging the constitutionality of certain taxes that fund discrete state programs.

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

The state is a defendant in a number of lawsuits by employees and other entities alleging various infractions of law or contract. These suits claim back pay, damages, or future entitlements in excess of \$172 million.

The state is contesting these lawsuits and the outcomes are uncertain at this time.

### **Tobacco Settlement**

In November 1998, Washington joined 45 other states in a Master Settlement Agreement (MSA) with the nation's largest tobacco manufacturers to provide restitution for monies spent under health care programs for the treatment of smoking-related illnesses. Washington's annual payment under the settlement was approximately \$127.6 million in fiscal year 2014. Beginning in 2008, Washington received the first of ten "strategic contribution payments" under the MSA. This payment is subject to the same offsets, reductions, and adjustments as are applicable to the annual base payment. The 2014 strategic contribution payment was approximately \$37.1 million.

In 2006, 2007, 2008, and 2009, determinations were made that disadvantages experienced by manufacturers as a result of participating in the MSA were a "significant factor" contributing to market share losses by those manufacturers. These determinations related to sales data for the years 2003, 2004, 2005, and 2006. Washington faces a potential "nonparticipating manufacturer (NPM) adjustment" in its share of between \$0 and \$137 million for the year 2004, \$0 and \$131 million for the year 2005, \$0 and \$119 million for the year 2006.

In addition, the states and the participating manufacturers have entered into an agreement under which the states will not contest that the disadvantages experienced by manufacturers as a result of participating in the MSA were a significant factor contributing to market share losses for the years 2007 through 2012. Washington faces a potential NPM adjustment that puts at risk Washington's entire MSA payment. For example, the potential NPM adjustment for the year 2007 is between \$0 and \$123 million, and for the year 2008, it is between \$0 and \$173 million.

With respect to 2003 sales data, Washington and 37 other states each filed court actions seeking declarations that they had diligently enforced their escrow statutes – a defense to the adjustment claim. Thirty-six of the 37 states are participating in a single national arbitration of the NPM adjustment dispute. The arbitration panel issued a decision in Washington's favor, unanimously concluding that Washington proved that it diligently enforced the qualifying statute during calendar year 2003 and, therefore, for that

calendar year is not subject to an NPM adjustment under the MSA. Of the 15 states that went to an arbitration hearing, only nine were found to have diligently enforced. As a result of that decision, in fiscal year 2014, Washington received approximately \$14 million more than it would have otherwise received due to the release of amounts placed in the MSA Disputed Payment Account (DPA) related to the 2003 calendar year. More importantly, if Washington had not prevailed in the arbitration, its fiscal year 2014 payment would have been reduced by approximately \$100 million due to the application of the NPM adjustment.

Finally, the panel's decision addresses only the 2003 calendar year. Washington and other states are engaged in negotiations with participating manufacturers regarding potential arbitration proceedings involving the 2004 calendar year.

### **D. FEDERAL ASSISTANCE**

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The state has received federal financial assistance for specific purposes that are generally subject to review or audit by the grantor agencies.

Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the state.

The state estimates and recognizes claims and judgments liabilities for disallowances when determined by the grantor agency or for probable disallowances based on experience pertaining to these grants; however, these recognized liabilities and any unrecognized disallowances are considered immaterial to the state's overall financial condition.

### **E. ARBITRAGE REBATE**

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Rebatable arbitrage is defined by the Internal Revenue Service Code Section 148 as earnings on investments purchased from the gross proceeds of a bond issue that are in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue.

The rebatable arbitrage must be paid to the federal government. The state estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

### **F. FINANCIAL GUARANTEES**

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#### **School District Credit Enhancement Program**

In accordance with Chapter 39.98 RCW (School District Credit Enhancement Program), the state has guaranteed outstanding voter-approved general obligation bonds of school districts within the state in the amount of \$8.98 billion at June 30, 2014. The guarantees extend through the life of the bonds, with a final maturity date of the longest series in 2043.

In the event that a school district has insufficient funds to make a required debt service payment on a guaranteed bond, the state is required to transfer sufficient funds to make the payment. School districts for which the state has made all or part of a debt service payment shall reimburse the state treasurer for all money drawn on their behalf, as well as interest and penalties. The state has not paid debt service on any school debt since the inception of the program in 2000.

## **G. OTHER COMMITMENTS AND CONTINGENCIES**

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### **Local Option Capital Asset Lending Program**

On September 1, 1998, the state lease-purchase program was extended to local governments seeking low cost financing of essential equipment and in the year 2000 for real estate. The Local Option Capital Assets Lending (LOCAL) program allows local governments to pool their financing requests together with Washington state agencies in Certificates of

Participation (COPs). Refer to Note 7.B for the state's COP disclosure.

These COPs do not constitute a debt or pledge of the full faith and credit of the state; rather, local governments pledge their full faith and credit in a general obligation pledge.

In the event that any local government fails to make any payment, the state is obligated to withhold an amount sufficient to make such payment from the local government's share, if any, of state revenues or other amounts authorized or required by law to be distributed by the state to such local government, if otherwise legally permissible.

Upon failure of any local government to make a payment, the state is further obligated, to the extent of legally available appropriated funds to make such payment on behalf of such local government. The local government remains obligated to make all COP payments and reimburse the state for any conditional payments.

As of June 30, 2014, outstanding certificates of participation notes totaled \$84.4 million for 159 local governments participating in LOCAL. The state estimates that the LOCAL program liability, if any, will be immaterial to its overall financial condition.

## Note 14

### Subsequent Events

#### A. BOND ISSUES

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In July 2014, the state issued:

- \$420.5 million in motor vehicle fuel tax general obligation refunding bonds for the purpose of refunding certain motor vehicle fuel tax general obligation bonds of the state.
- \$420.1 million in general obligation refunding bonds for the purpose of refunding certain various purpose general obligation bonds of the state.
- \$228.0 million in general obligation bonds for various state capital projects.
- \$85.9 million in taxable general obligation bonds for capital projects and loan programs for low-income housing and various energy efficiency and renewable energy projects.

In October 2014, the state issued:

- \$301.8 million in motor vehicle fuel tax general obligation refunding bonds for the purpose of refunding certain motor vehicle fuel tax general obligation bonds of the state.
- \$616.0 million in general obligation refunding bonds for the purpose of refunding certain various purpose general obligation bonds of the state.

Later in the calendar year, Washington State University is planning to issue approximately \$15.0 million in refunding bonds and approximately \$75.0 million in general revenue bonds to construct a digital classroom building, pay for public safety projects and renovate a building.

#### B. CERTIFICATES OF PARTICIPATION

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In August 2014, the state issued \$64.0 million in Certificates of Participation.

#### C. OTHER DEBT

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In October 2014, the University of Washington plans to issue up to \$36.0 million in short term commercial paper to buy out the lease of the Cobb Building.

#### D. GENERAL ELECTION

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There is a measure on the state's November 4, 2014, general election ballot that addresses K-12 education. This measure, if passed, could impact the state fiscally.

Election results are not final or official until certified. By law December 4, 2014, is the last day for the Office of the Secretary of State to certify General Election returns.

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

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

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## BUDGETARY COMPARISON SCHEDULE

### General Fund

<b>Budgetary Comparison Schedule</b> <b>General Fund</b> For the Fiscal Year Ended June 30, 2014 <i>(expressed in thousands)</i>				
	Original Budget 2013-15 Biennium	Final Budget 2013-15 Biennium	Actual 2013-15 Biennium	Variance with Final Budget
<b>Budgetary Fund Balance, July 1, as restat</b>	\$ 496,944	\$ 496,944	\$ 496,944	\$ -
<b>Resources</b>				
Taxes	31,808,298	32,042,383	15,893,803	(16,148,580)
Licenses, permits, and fees	197,260	209,192	107,564	(101,628)
Other contracts and grants	529,972	529,101	238,875	(290,226)
Timber sales	5,040	4,278	2,032	(2,246)
Federal grants-in-aid	17,191,481	18,080,040	8,544,003	(9,536,037)
Charges for services	68,703	70,431	33,969	(36,462)
Investment income (loss)	(10,907)	(6,110)	(1,254)	4,856
Miscellaneous revenue	583,494	591,447	169,768	(421,679)
Unclaimed property	128,649	114,164	60,467	(53,697)
Transfers from other funds	1,370,652	1,413,469	742,576	(670,893)
<b>Total Resources</b>	<b>52,369,586</b>	<b>53,545,339</b>	<b>26,288,747</b>	<b>(27,256,592)</b>
<b>Charges To Appropriations</b>				
General government	3,474,379	3,494,982	1,585,766	1,909,216
Human services	26,375,585	27,213,661	13,275,755	13,937,906
Natural resources and recreation	633,909	638,415	296,422	341,993
Transportation	94,456	92,878	43,808	49,070
Education	20,010,213	20,060,318	9,759,149	10,301,169
Capital outlays	998,238	969,917	245,258	724,659
Transfers to other funds	561,776	572,618	339,854	232,764
<b>Total Charges To Appropriations</b>	<b>52,148,556</b>	<b>53,042,789</b>	<b>25,546,012</b>	<b>27,496,777</b>
<b>Excess Available For Appropriation</b>				
<b>Over (Under) Charges To Appropriations</b>	<b>221,030</b>	<b>502,550</b>	<b>742,735</b>	<b>240,185</b>
<b>Reconciling Items</b>				
Bond sale proceeds	138,792	424,650	168,458	(256,192)
Issuance premiums	-	-	891	891
Assumed reversions	140,000	140,000	-	(140,000)
Working capital adjustment	-	(44,800)	(44,800)	-
Allocations	50,001	45,001	-	(45,001)
Changes in reserves (net)	-	-	(1,558)	(1,558)
Entity adjustments (net)	-	-	29,305	29,305
<b>Total Reconciling Items</b>	<b>328,793</b>	<b>564,851</b>	<b>152,296</b>	<b>(412,555)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 549,823</b>	<b>\$ 1,067,401</b>	<b>\$ 895,031</b>	<b>\$ (172,370)</b>

# BUDGETARY COMPARISON SCHEDULE

## General Fund - Budget to GAAP Reconciliation

General Fund		
For the Fiscal Year Ended June 30, 2014		
(expressed in thousands)		
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "Total Resources"		
from the Budgetary Comparison Schedule	\$	26,288,747
Differences - budget to GAAP:		
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:		
Transfers from other funds		(742,576)
Budgetary fund balance at the beginning of the biennium		(496,944)
Appropriated loan principal repayment		(905)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:		
Noncash commodities and electronic food stamp benefits		1,679,737
Revenues collected for other governments		114,101
Unanticipated receipts		6,275
Noncash revenues		(14,937)
Other		6,182
Biennium total revenues		26,839,680
Nonappropriated activity		15,272
<b>Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>26,854,952</b>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) "Total Charges to Appropriations"		
from the Budgetary Comparison Schedule	\$	25,546,012
Differences - budget to GAAP:		
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes:		
Appropriated transfers to other funds		(1,195,731)
Other transfers to other funds		(339,854)
Appropriated loan disbursements		(4)
The following items are not outflows of budgetary resources but are recorded as current expenditures for financial reporting purposes:		
Noncash commodities and electronic food stamp benefits		1,679,737
Distributions to other governments		114,101
Certificates of participation and capital lease acquisitions		1,102
Expenditures related to unanticipated receipts		6,275
Other		6,345
Biennium total expenditures		25,817,983
Nonappropriated activity		316,155
<b>Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds</b>	<b>\$</b>	<b>26,134,138</b>

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

<b>Budgetary Comparison Schedule</b> <b>Higher Education Special Revenue Fund</b> For the Fiscal Year Ended June 30, 2014 <i>(expressed in thousands)</i>				
	Original Budget 2013-15 Biennium	Final Budget 2013-15 Biennium	Actual 2013-15 Biennium	Variance with Final Budget
<b>Budgetary Fund Balance, July 1, as restated</b>	\$ 2,427,292	\$ 2,427,292	\$ 2,427,292	\$ -
<b>Resources</b>				
Taxes	334,110	397,936	201,410	(196,526)
Charges for services	917	-	-	-
Investment income (loss)	95	-	84	84
Transfers from other funds	340,577	348,025	177,640	(170,385)
<b>Total Resources</b>	<b>3,102,991</b>	<b>3,173,253</b>	<b>2,806,426</b>	<b>(366,827)</b>
<b>Charges To Appropriations</b>				
Education	608,761	704,514	303,783	400,731
Transfers to other funds	52,150	51,888	28,969	22,919
<b>Total Charges To Appropriations</b>	<b>660,911</b>	<b>756,402</b>	<b>332,752</b>	<b>423,650</b>
<b>Excess Available For Appropriation Over (Under) Charges To Appropriations</b>	<b>2,442,080</b>	<b>2,416,851</b>	<b>2,473,674</b>	<b>56,823</b>
<b>Reconciling Items</b>				
Changes in reserves (net)	-	-	(6,237)	(6,237)
Entity adjustments (net)	-	-	94,196	94,196
<b>Total Reconciling Items</b>	<b>-</b>	<b>-</b>	<b>87,959</b>	<b>87,959</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,442,080</b>	<b>\$ 2,416,851</b>	<b>\$ 2,561,633</b>	<b>\$ 144,782</b>

## BUDGETARY COMPARISON SCHEDULE

### Higher Education Special Revenue Fund - Budget to GAAP Reconciliation

<b>Higher Education Special Revenue Fund</b>	
For the Fiscal Year Ended June 30, 2014	
<i>(expressed in thousands)</i>	
<b>Sources/Inflows of Resources</b>	
Actual amounts (budgetary basis) "Total Resources"	
from the Budgetary Comparison Schedule	\$ 2,806,426
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(177,640)
Budgetary fund balance at the beginning of the biennium	(2,427,292)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash revenues	55
Biennium total revenues	201,549
Nonappropriated activity	4,906,058
<b>Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</b>	<b>\$ 5,107,607</b>
<b>Uses/Outflows of Resources</b>	
Actual amounts (budgetary basis) "Total Charges to Appropriations"	
from the Budgetary Comparison Schedule	\$ 332,752
Differences - budget to GAAP:	
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes:	
Appropriated transfers to other funds	(31,354)
Other transfers to other funds	(28,969)
Biennium total expenditures	272,429
Nonappropriated activity	4,775,089
<b>Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds</b>	<b>\$ 5,047,518</b>

## BUDGETARY INFORMATION

### Notes to Required Supplementary Information

#### GENERAL BUDGETARY POLICIES AND PROCEDURES

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The Governor is required to submit a budget to the Legislature no later than December 20 of the year preceding odd-numbered year sessions of the Legislature.

The budget is a proposal for expenditures in the ensuing biennial period based upon anticipated revenues from the sources and rates existing by law at the time of submission of the budget. The Governor may additionally submit, as an appendix to the budget, a proposal for expenditures in the ensuing biennium from revenue sources derived from proposed changes in existing statutes.

The appropriated budget and any necessary supplemental budgets are legally required to be adopted through the passage of appropriation bills by the Legislature and approved by the Governor. Operating appropriations are generally made at the fund/account and agency level; however, in a few cases, appropriations are made at the fund/account and agency/program level. Operating appropriations cover either the entire biennium or a single fiscal year within the biennium. Capital appropriations are biennial and are generally made at the fund/account, agency, and project level.

The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances. The accompanying budgetary schedule is not presented at the legal level of budgetary control. This is due to the large number of appropriations within individual agencies that would make such a presentation in the accompanying financial schedule extremely cumbersome. Section 2400.121 of the 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 2013-15 biennium to illustrate legal budgetary compliance. Appropriated budget versus actual expenditures, and estimated versus actual revenues and other financing sources (uses) for appropriated funds/accounts at agency and appropriation level are presented in the Budget-to-Actual Detail Report for governmental funds. A copy of this report is available at the Office of Financial Management, PO Box 43113, Olympia, Washington 98504-3113.

Legislative appropriations are strict legal limits on expenditures, and over-expenditures are prohibited. All appropriated and certain nonappropriated funds/accounts are further controlled by the executive branch through the allotment process. This process allocates the expenditure plan into monthly allotments by program, source of funds, and object of expenditure. State law does not preclude the over-expenditure of allotments.

Proprietary funds/accounts can earn revenues and incur expenses (i.e., depreciation or cost of goods sold) not covered by the allotment process. Budget estimates are generally made outside the allotment process according to prepared business plans. These proprietary fund/account business plan estimates are adjusted only at the beginning of each fiscal year.

Additional fiscal control is exercised through various means. OFM is authorized to estimate revenue and make expenditure allotments based on availability of unanticipated receipts, mainly federal government grant increases made during a fiscal year.

Operating encumbrances lapse at the end of the applicable appropriation. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. Encumbrances outstanding against continuing appropriations at fiscal year-end are reported as restricted, committed, or assigned fund balance.

#### Budgetary Reporting vs. GAAP Reporting

Governmental funds are budgeted materially in conformance with 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 capital asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures.

Certain governmental activities are excluded from the budgetary schedules because they are not appropriated. These activities include activities designated as nonappropriated by the Legislature. Nonappropriated activities can represent a portion of a fund such as the Higher Education Special Revenue Fund or all of a fund such as the Higher Education Endowment and Tobacco Settlement Securitization Bond Debt Service Funds. Additionally, certain items including federal surplus food commodities, electronic food stamp benefits, and

resources collected and distributed to other governments are also excluded because they are not appropriated.

Further, certain expenditures are appropriated as operating transfers. These transfers are reported as operating transfers on the budgetary schedules and as expenditures on the governmental operating statements.

In the General Fund, Budgetary Fund Balance equals unassigned fund balance as reported on the Governmental Funds Balance Sheet. In all other funds except Wildlife and Natural Resources, Budgetary Fund Balance equals total fund balance less nonspendable fund balance as reported on the Governmental Funds Balance Sheet. The Budgetary Fund Balance in the Wildlife and Natural Resources fund is further reduced by a portion of restricted fund balance that is not available for budgeting.

**PENSION PLAN INFORMATION**  
**Schedules of Funding Progress**

continued

<b>Schedule of Funding Progress</b> <b>Public Employees' Retirement System - Plan 1</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets	\$ 8,053	\$ 8,521	\$ 8,883	\$ 9,293	\$ 9,776	\$ 9,853
Actuarial accrued liability	12,874	12,360	12,571	12,538	13,984	13,901
Unfunded actuarial liability	4,821	3,839	3,688	3,245	4,209	4,048
Funded Ratio	63%	69%	71%	74%	70%	71%
Covered payroll	318	371	432	507	580	638
Unfunded actuarial liability as a percentage of covered payroll	1517%	1035%	854%	640%	725%	634%
Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals. Source: Washington State Office of the State Actuary.						

<b>Schedule of Funding Progress</b> <b>Public Employees' Retirement System - Plan 2/3</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets	\$ 24,335	\$ 22,653	\$ 20,997	\$ 19,474	\$ 18,260	\$ 16,693
Actuarial accrued liability	26,540	22,780	21,627	20,029	18,398	16,508
Unfunded actuarial liability	2,205	127	630	555	137	(185)
Funded Ratio	92%	99%	97%	97%	99%	101%
Covered payroll	8,339	8,193	8,148	8,206	8,132	7,869
Unfunded actuarial liability as a percentage of covered payroll	26%	2%	8%	7%	2%	0%
PERS Plan 2/3 uses the aggregate actuarial cost method. The Schedule of Funding Progress is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress information of this plan as required by GASB Statement No. 50.  Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals. Source: Washington State Office of the State Actuary.						

**PENSION PLAN INFORMATION**  
**Schedules of Funding Progress**

continued

<b>Schedule of Funding Progress</b> <b>Teachers' Retirement System - Plan 1</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets	\$ 6,717	\$ 7,145	\$ 7,485	\$ 7,791	\$ 8,146	\$ 8,262
Actuarial accrued liability	9,429	9,038	9,232	9,201	10,820	10,754
Unfunded actuarial liability	2,712	1,894	1,747	1,410	2,674	2,492
Funded Ratio	71%	79%	81%	85%	75%	77%
Covered payroll	183	228	284	344	389	432
Unfunded actuarial liability as a percentage of covered payroll	1481%	829%	615%	410%	688%	576%
Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals. Source: Washington State Office of the State Actuary.						

<b>Schedule of Funding Progress</b> <b>Teachers' Retirement System - Plan 2/3</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets	\$ 8,406	\$ 7,758	\$ 7,141	\$ 6,593	\$ 6,160	\$ 5,681
Actuarial accrued liability	8,794	7,478	7,194	6,558	6,048	5,264
Unfunded (assets in excess of) actuarial liability	388	(280)	53	(36)	(112)	(417)
Funded Ratio	96%	104%	99%	101%	102%	108%
Covered payroll	4,223	4,077	4,085	3,966	3,957	3,621
Unfunded actuarial liability as a percentage of covered payroll	9%	0%	1%	0%	0%	0%
TRIS Plan 2/3 uses the aggregate actuarial cost method. The Schedule of Funding Progress is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress information of this plan as required by GASB Statement No. 50. Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals. Source: Washington State Office of the State Actuary.						



**PENSION PLAN INFORMATION**  
**Schedules of Funding Progress**

continued

<b>Schedule of Funding Progress</b> <b>School Employees' Retirement System - Plan 2/3</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets	\$ 3,335	\$ 3,100	\$ 2,872	\$ 2,664	\$ 2,503	\$ 2,303
Actuarial accrued liability	3,581	3,103	2,956	2,706	2,493	2,207
Unfunded (assets in excess of) actuarial liability	247	3	84	41	(10)	(95)
Funded Ratio	93%	100%	97%	98%	100%	104%
Covered payroll	1,514	1,479	1,490	1,475	1,467	1,379
Unfunded actuarial liability as a percentage of covered payroll	16%	0%	6%	3%	0%	0%
<p>SERS Plan 2/3 uses the aggregate actuarial cost method. The Schedule of Funding Progress is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress information of this plan as required by GASB Statement No. 50.</p> <p>Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.</p> <p>Source: Washington State Office of the State Actuary.</p>						

<b>Schedule of Funding Progress</b> <b>Law Enforcement Officers' and Fire Fighters' Retirement System - Plan 1</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets	\$ 5,516	\$ 5,562	\$ 5,565	\$ 5,561	\$ 5,612	\$ 5,592
Actuarial accrued liability	4,409	4,121	4,145	4,393	4,492	4,368
Unfunded (assets in excess of) actuarial liability	(1,108)	(1,441)	(1,420)	(1,168)	(1,120)	(1,225)
Funded Ratio	125%	135%	134%	127%	125%	128%
Covered payroll	15	19	25	29	33	37
Unfunded actuarial liability as a percentage of covered payroll	0%	0%	0%	0%	0%	0%
<p>Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.</p> <p>Source: Washington State Office of the State Actuary.</p>						

**PENSION PLAN INFORMATION**  
**Schedules of Funding Progress**

continued

<b>Schedule of Funding Progress</b> <b>Law Enforcement Officers' and Fire Fighters' Retirement System - Plan 2</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets	\$ 7,862	\$ 7,222	\$ 6,621	\$ 6,043	\$ 5,564	\$ 5,053
Actuarial accrued liability	7,220	6,353	5,941	5,164	4,641	3,998
Unfunded (assets in excess of)						
actuarial liability	(643)	(869)	(679)	(879)	(923)	(1,054)
Funded Ratio	109%	114%	111%	117%	120%	126%
Covered payroll	1,597	1,560	1,535	1,490	1,442	1,345
Unfunded actuarial liability as a						
percentage of covered payroll	0%	0%	0%	0%	0%	0%
<p>LEOFF Plan 2 uses the aggregate actuarial cost method. The Schedule of Funding Progress is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress information of this plan as required by GASB Statement No. 50.</p> <p>Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.</p> <p>Source: Washington State Office of the State Actuary.</p>						

<b>Schedule of Funding Progress</b> <b>Washington State Patrol Retirement System - Plan 1/2</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets	\$ 1,009	\$ 982	\$ 949	\$ 920	\$ 900	\$ 870
Actuarial accrued liability	987	884	859	812	790	745
Unfunded (assets in excess of)						
actuarial liability	(22)	(97)	(90)	(107)	(110)	(124)
Funded Ratio	102%	111%	110%	113%	114%	117%
Covered payroll	80	80	82	83	83	79
Unfunded actuarial liability as a						
percentage of covered payroll	0%	0%	0%	0%	0%	0%
<p>WSPRS Plan 1/2 uses the aggregate actuarial cost method. The Schedule of Funding Progress is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress information of this plan as required by GASB Statement No. 50.</p> <p>Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.</p> <p>Source: Washington State Office of the State Actuary.</p>						

**PENSION PLAN INFORMATION**  
**Schedules of Funding Progress**

continued

<b>Schedule of Funding Progress</b> <b>Public Safety Employees' Retirement System - Plan 2</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets	\$ 224	\$ 180	\$ 141	\$ 103	\$ 69	\$ 39
Actuarial accrued liability	218	159	126	94	64	37
Unfunded (assets in excess of)						
actuarial liability	(7)	(22)	(14)	(9)	(5)	(2)
Funded Ratio	103%	114%	111%	109%	108%	106%
Covered payroll	253	238	233	227	223	200
Unfunded actuarial liability as a						
percentage of covered payroll	0%	0%	0%	0%	0%	0%
PSERS Plan 2 uses the aggregate actuarial cost method. The Schedule of Funding Progress is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress information of this plan as required by GASB Statement No. 50. Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.						
Source: Washington State Office of the State Actuary.						

<b>Schedule of Funding Progress</b> <b>Judicial Retirement System</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets	\$ 4	\$ 3	\$ 5	\$ 4	\$ 2	\$ 1
Actuarial accrued liability	108	104	109	84	89	92
Unfunded actuarial liability	104	101	104	80	87	91
Funded Ratio	4%	3%	5%	5%	2%	1%
Covered payroll	N/A	0.3	0.5	0.7	0.9	1.3
Unfunded actuarial liability as a						
percentage of covered payroll	N/A	33779%	22574%	11565%	9216%	7141%
N/A indicates that data is not applicable. Beginning with fiscal year 2013, there are no active members in this plan. Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.						
Source: Washington State Office of the State Actuary.						

**PENSION PLAN INFORMATION**  
**Schedules of Funding Progress**

concluded

<b>Schedule of Funding Progress</b> <b>Judges' Retirement Fund</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets	\$ 1.4	\$ 1.9	\$ 2.3	\$ 2.8	\$ 3.3	\$ 3.6
Actuarial accrued liability	3.5	3.6	3.9	3.2	3.4	3.5
Unfunded (assets in excess of)						
actuarial liability	2.1	1.7	1.5	0.4	0.1	(0.1)
Funded Ratio	40%	52%	61%	87%	97%	104%
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
* Covered payroll is not applicable because there are no active plan members.						
N/A indicates data not applicable.						
Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.						
Source: Washington State Office of the State Actuary.						

<b>Schedule of Funding Progress</b> <b>Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund</b> Valuation Years 2013 through 2008 <i>(dollars in millions)</i>						
	2013	2012	2011	2010	2009	2008
Actuarial valuation date	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarial value of plan assets***	\$ 182	\$ 170	\$ 168	\$ 166	\$ 166	\$ 161
Actuarial accrued liability*	184	170	168	166	163	153
Unfunded (assets in excess of)						
actuarial liability	1	-	-	-	(3)	(8)
Funded Ratio	99%	100%	100%	100%	102%	105%
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.						
*** State Board for Volunteer Fire Fighters and Reserve Officers adopted a new funding policy as of 2010 where assets above the accrued pension liability are allocated to fund relief benefits.						
N/A indicates data not applicable.						
Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.						
Source: Washington State Office of the State Actuary.						

## PENSION PLAN INFORMATION

### Schedules of Contributions from Employers and Other Contributing Entities (cont'd)

<b>Schedules of Contributions from Employers and Other Contributing Entities</b> For the Fiscal Years Ended June 30, 2014 through 2009 <i>(dollars in millions)</i>						
	2014	2013	2012	2011	2010	2009
<b>PUBLIC EMPLOYEES' RETIREMENT PLAN SYSTEM - PLAN 1</b>						
Employers' annual required contribution	\$ 670.9	\$ 534.2	\$ 508.0	\$ 439.3	\$ 627.8	\$ 620.2
Employers' actual contribution	448.9	266.3	257.2	145.6	154.0	325.2
Percentage contributed	67%	50%	51%	33%	25%	52%
<b>PUBLIC EMPLOYEES' RETIREMENT PLAN SYSTEM - PLAN 2/3</b>						
Employers' annual required contribution	\$ 612.0	\$ 408.3	\$ 407.7	\$ 408.6	\$ 383.1	\$ 369.7
Employers' actual contribution	430.3	389.0	385.3	328.3	327.5	439.7
Percentage contributed	70%	95%	94%	80%	85%	119%
<b>TEACHERS' RETIREMENT SYSTEM - PLAN 1</b>						
Employers' annual required contribution	\$ 388.6	\$ 275.4	\$ 254.0	\$ 205.9	\$ 406.1	\$ 391.0
Employers' actual contribution	200.7	118.6	111.9	96.8	112.7	178.9
Percentage contributed	52%	43%	44%	47%	28%	46%
<b>TEACHERS' RETIREMENT SYSTEM - PLAN 2/3</b>						
Employers' annual required contribution	\$ 335.4	\$ 231.6	\$ 232.2	\$ 232.3	\$ 221.1	\$ 186.9
Employers' actual contribution	249.3	229.0	213.9	168.3	165.0	160.8
Percentage contributed	74%	99%	92%	72%	75%	86%
<b>SCHOOL EMPLOYEES' RETIREMENT SYSTEM - PLAN 2/3</b>						
Employers' annual required contribution	\$ 124.5	\$ 86.6	\$ 85.2	\$ 88.6	\$ 82.3	\$ 71.5
Employers' actual contribution	88.8	78.4	74.6	62.3	62.1	63.5
Percentage contributed	71%	91%	88%	70%	75%	89%
<p>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 experience gains and losses. The methods used to derive the ARC for this reporting disclosure are different from the methods 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 ARCs. Starting in 2009, the ARC for PERS and TRS Plans 1 was calculated using the Entry Age Normal cost method with a rolling 10-year amortization (excluding the temporary rate ceilings). Starting in 2011, the calculation of the ARC reflects the underlying actuarial cost method (excluding minimum contribution rates).</p> <p>Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.</p> <p>Source: Washington State Office of the State Actuary</p>						

## PENSION PLAN INFORMATION

### Schedules of Contributions from Employers and Other Contributing Entities (cont'd)

<b>Schedules of Contributions from Employers and Other Contributing Entities</b> For the Fiscal Years Ended June 30, 2014 through 2009 <i>(dollars in millions)</i>						
	2014	2013	2012	2011	2010	2009
<b>LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM - PLAN 1</b>						
Employers' annual required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employers' actual contribution	0.1	0.6	-	-	-	-
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
<b>LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM - PLAN 2</b>						
Employers' annual required contribution*	\$ 70.1	\$ 56.8	\$ 59.1	\$ 50.4	\$ 67.3	\$ 63.2
Employers' actual contribution	85.5	82.4	80.5	79.7	77.0	77.8
Percentage contributed	122%	145%	136%	158%	114%	123%
State annual required contribution*	\$ 46.8	\$ 37.9	\$ 38.2	\$ 33.6	\$ 44.4	\$ 42.1
State actual contribution	55.6	52.8	52.0	51.4	51.1	45.9
Percentage contributed	121%	144%	137%	157%	114%	122%
<b>WASHINGTON STATE PATROL RETIREMENT SYSTEM</b>						
Employers' annual required contribution	\$ 7.3	\$ 2.5	\$ 2.9	\$ 2.3	\$ 6.6	\$ 5.0
Employers' actual contribution	6.6	6.5	6.5	5.3	5.3	6.4
Percentage contributed	90%	260%	224%	228%	80%	127%
N/A indicates data not applicable.						
*The Annual Required Contribution (ARC) for the LEOFF Plan 2 presented is the Office of the State Actuary's recommended figure.						
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 experience gains and losses. The methods used to derive the ARC for this reporting disclosure are different from the methods 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 ARCs. Starting in 2009, the ARC for PERS and TRS Plans 1 was calculated using the Entry Age Normal cost method with a rolling 10-year amortization (excluding the temporary rate ceilings). Starting in 2011, the calculation of the ARC reflects the underlying actuarial cost method (excluding minimum contribution rates).						
Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.						
Source: Washington State Office of the State Actuary						

## PENSION PLAN INFORMATION

### Schedules of Contributions from Employers and Other Contributing Entities (concl'd)

<b>Schedules of Contributions from Employers and Other Contributing Entities</b> For the Fiscal Years Ended June 30, 2014 through 2009 <i>(dollars in millions)</i>						
	2014	2013	2012	2011	2010	2009
<b>PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM - PLAN 2</b>						
Employers' annual required contribution	\$ 18.6	\$ 15.1	\$ 14.7	\$ 14.7	\$ 14.8	\$ 14.3
Employers' actual contribution	17.1	15.6	15.3	15.6	15.2	14.5
Percentage contributed	92%	103%	104%	106%	103%	101%
<b>JUDICIAL RETIREMENT SYSTEM</b>						
Employers' annual required contribution	\$ 22.5	\$ 21.7	\$ 22.6	\$ 18.6	\$ 20.4	\$ 21.2
Employers' actual contribution	10.6	10.1	8.1	10.9	11.6	10.2
Percentage contributed	47%	47%	36%	59%	57%	49%
<b>JUDGES' RETIREMENT FUND</b>						
Employers' annual required contribution	\$ 0.5	\$ 0.4	\$ 0.3	\$ 0.1	\$ -	\$ -
Employers' actual contribution	-	-	-	-	-	-
Percentage contributed	N/A	N/A	N/A	N/A	N/A	N/A
<b>VOLUNTEER FIRE FIGHTERS' AND RESERVE OFFICERS' RELIEF AND PENSION FUND</b>						
Employers' annual required contribution	\$ 1.0	\$ 0.9	\$ 1.0	\$ 1.1	\$ 1.0	\$ 1.1
Employers' actual contribution	1.0	0.9	1.0	1.1	1.0	1.0
Percentage contributed	100%	100%	100%	100%	100%	91%
State annual required contribution	\$ 5.2	\$ 3.7	\$ 3.7	\$ 4.2	\$ 1.8	\$ 1.4
State actual contribution	6.4	6.0	5.6	5.8	5.7	5.2
Percentage contributed	123%	162%	151%	138%	317%	371%
N/A indicates data not applicable.						
<p>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 experience gains and losses. The methods used to derive the ARC for this reporting disclosure are different from the methods 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 ARCs. Starting in 2009, the ARC for PERS and TRS Plans 1 was calculated using the Entry Age Normal cost method with a rolling 10-year amortization (excluding the temporary rate ceilings). Starting in 2011, the calculation of the ARC reflects the underlying actuarial cost method (excluding minimum contribution rates).</p>						
Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.						
Source: Washington State Office of the State Actuary						

## PENSION PLAN INFORMATION

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

<b>Schedule of Change in Net Pension Liability</b> Fiscal Years Ended June 30, 2014 through 2013 <i>(dollars in thousands)</i>		
	2014	2013
<b>Total Pension Liability</b>		
Service cost	\$ 1,240	N/A
Interest	12,480	N/A
Changes of benefit terms	-	N/A
Differences between expected and actual experience	-	N/A
Changes in assumptions	-	N/A
Benefit payments, Including refunds of member contributions	(10,771)	N/A
<b>Net Change in Total Pension Liability</b>	2,949	N/A
<b>Total Pension Liability - Beginning</b>	183,578	N/A
<b>Total Pension Liability - Ending</b>	<u>\$ 186,527</u>	<u>\$ 183,578</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 7,336	N/A
Contributions - Member	95	N/A
Net investment income	31,892	N/A
Benefit payments, Including refunds of member contributions	(10,771)	N/A
Administrative Expense	(1,469)	N/A
Other	(22)	N/A
<b>Net Change in Plan Fiduciary Net Position</b>	27,061	N/A
<b>Plan Fiduciary Net Position - Beginning</b>	177,134	N/A
<b>Plan Fiduciary Net Position - Ending</b>	<u>\$ 204,195</u>	<u>\$ 177,134</u>
<b>Plan's Net Pension Liability (Asset) - Ending</b>	<u>\$ (17,668)</u>	<u>\$ 6,444</u>
N/A indicates data not available.		
This schedule is to be built prospectively until it contains ten years of data.		
Note: Figures may not total due to rounding.		
Source: Washington State Office of the State Actuary		



## PENSION PLAN INFORMATION

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

Schedule of Net Pension Liability			
Fiscal Years Ended June 30, 2014 through 2013			
(dollars in thousands)			
	2014		2013
Total Pension Liability - Ending	\$	186,527	\$ 183,578
Plan Fiduciary Net Position - Ending		204,195	177,134
Plan's Net Pension Liability (Asset) - Ending	\$	(17,668)	\$ 6,444
Plan fiduciary net position as a percent of the total pension liability		109.47%	96.49%
Covered employee payroll		N/A	N/A
Net pension liability (asset) as a percent of covered employee payroll		N/A	N/A
N/A indicates data not applicable. This is a volunteer organization.			
This schedule is to be built prospectively until it contains ten years of data.			
Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.			
Source: Washington State Office of the State Actuary			

Schedule of Contributions			
Fiscal Years Ended June 30, 2014 through 2005			
(dollars in thousands)			
Year	Actuarially determined contribution	Contributions in relation to the actuarial determined contribution	Contribution deficiency (excess)
2014	\$ 6,421	\$ 7,336	\$ (915)
2013	4,600	6,946	(2,346)
2012	4,700	6,484	(1,784)
2011	5,300	6,778	(1,478)
2010	2,800	6,787	(3,987)
2009	2,500	6,223	(3,723)
2008	1,900	6,102	(4,202)
2007	3,000	7,063	(4,063)
2006	4,600	5,695	(1,095)
2005	2,500	5,191	(2,691)
Neither covered payroll nor contributions as a percentage of covered payroll are applicable. This is a volunteer organization.			
Prior to 2014, the Annual Required Contribution (ARC) amounts are presented for the Actuarially Determined Contributions. The 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.			
Note: Figures may not total due to rounding.			
Source: Washington State Office of the State Actuary			

## PENSION PLAN INFORMATION

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

Schedule of Investment Returns	
Fiscal Year Ended June 30, 2014	
	2014
Annual money-weighted rate of return, net of investment expense	16.72%
This schedule is to be built prospectively until it contains ten years of data.	
Source: Washington State Office of the State Actuary	

### Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund Notes to Required Supplementary Information

The Office of the State Actuary (OSA) calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation consistent with funding policy defined under Chapter 41.24 RCW and adopted policies made by the State Board for Volunteer Fire Fighters and Reserve Officers. Consistent with the

Board's contribution rate adoption process, the results of an actuarial valuation determine the ADC two years after the valuation date. For example, the actuarial valuation with a June 30, 2013 valuation date, completed in the Fall of 2014, determines the ADC for the period ending June 30, 2015.

## OTHER POSTEMPLOYMENT BENEFITS INFORMATION

### Schedule of Funding Progress

Schedule of Funding Progress			
Other Postemployment Benefits			
Valuation Years 2013 through 2009			
(dollars in millions)			
	2013	2011	2009
Actuarial valuation date	1/1/2013	1/1/2011	1/1/2009
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)*	3,707	3,492	3,787
Unfunded actuarial accrued liability (UAAL)	3,707	3,492	3,787
Funded ratio	0%	0%	0%
Covered payroll	5,787	5,937	5,678
UAAL as a percentage of covered payroll	64%	59%	67%
* Based on projected unit credit actuarial cost method.			
Source: Washington State Office of the State Actuary			

## INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

### Condition Assessment

The state of Washington reports certain networks of infrastructure assets under the modified approach of the Governmental Accounting Standards Board Statement No. 34. Expenditures to maintain and preserve these assets are budgeted, recorded, and reported in lieu of depreciation expense. The state must meet the following requirements to report networks of assets under the modified approach:

- Maintain an up-to-date inventory of eligible infrastructure assets in an asset management system.
- Disclose the condition level established by administrative or executive policy, or by legislative

action at which assets are to be preserved or maintained.

- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Document that assets are being preserved approximately at or above the disclosed condition level.
- Annually estimate the cost to maintain and preserve the assets at the established condition level.

Assets accounted for under the modified approach include the state's network of highway pavements, bridges, and rest areas. In fiscal year 2014, the state was responsible to maintain and preserve 20,692 pavement lane miles, 3,286 bridges and tunnels, and 48 rest areas.

### PAVEMENT CONDITION

The Washington State Department of Transportation (WSDOT) performs highway pavement assessments over a two year cycle utilizing three measurements to develop a scaled condition assessment: Pavement Structural Condition (PSC), International Roughness Index (IRI), and rutting.

The WSDOT uses the following rating scale for PSC:

Category	PSC Range	Description
Very Good	80 – 100	Little or no distress. Example: Flexible pavement with 5 percent of wheel track length having “hairline” severity alligator cracking will have a PSC of 80.
Good	60 – 79	Early stage deterioration. Example: Flexible pavement with 15 percent of wheel track length having “hairline” alligator cracking will have a PSC of 70.
Fair	40 – 59	This is the threshold value for rehabilitation. Example: Flexible pavement with 25 percent of wheel track length having “hairline” alligator cracking will have a PSC of 50.
Poor	20 – 39	Structural deterioration. Example: Flexible pavement with 25 percent of wheel track length having “medium (spalled)” severity alligator cracking will have a PSC of 30.
Very Poor	0 – 19	Advanced structural deterioration. Example: Flexible pavement with 40 percent of wheel track length having “medium (spalled)” severity alligator cracking will have a PSC of 10. May require extensive repair and thicker overlays.

The IRI scale is measured in inches per mile. The WSDOT assesses pavements with a ride performance measure less than 221 inches per mile to be in fair or better condition.

Rutting is measured in inches with a measurement of 0.58 inches or less assessed at a condition of fair or better.

PSC, IRI, and rutting are combined to rate a section of pavement which is assigned the lowest condition of any of the three indices.

The WSDOT's policy is to maintain 90 percent of pavements at a condition level of fair or better. The following table shows the combined conditions and the ratings for each index:

Category	PSC	IRI	Rutting
Very Good	80 – 100	< 96	< 0.24
Good	60 – 79	96 – 170	0.24 – 0.41
Fair	40 – 59	171 – 220	0.42 – 0.58
Poor	20 – 39	221 – 320	0.59 – 0.74
Very Poor	0 – 19	> 320	> 0.74

The following table shows pavement condition ratings for state highways:

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

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

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

Pavements Preservation and Maintenance - Planned to Actual - Fiscal Year (expressed in thousands)					
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Planned	\$ 122,868	\$ 137,779	\$ 148,811	\$ 122,203	\$ 168,204
Actual	143,598	108,972	148,366	117,811	159,441
Variance	\$ (20,730)	\$ 28,807	\$ 445	\$ 4,392	\$ 8,763
	(16.9%)	20.9%	0.3%	3.6%	5.2%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management's decision to accelerate, defer, or reduce preservation or maintenance activity in response to economic forecasts and other factors.

For more information about pavements, refer to the WSDOT's website at:  
<http://www.wsdot.wa.gov/Business/MaterialsLab/Pavements/default.htm>.

## BRIDGE CONDITION

The WSDOT performs sample condition assessments on state owned bridges in excess of 20 feet in length each year with all bridges inspected over a two year cycle. Underwater bridge components are inspected at least once every five years in accordance with Federal Highway Administration (FHWA) requirements.

The WSDOT uses a performance measure which classifies a bridge as good, fair, or poor using the National Bridge Inspection Standards (NBIS) codes for bridge superstructure, substructure, and deck. The following categories for condition rating are based on the structural sufficiency standards established in FHWA's "Recording and Coding Guide for the Structural Inventory and Appraisal of the Nation's Bridges."

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.

The WSDOT's policy is to maintain 95 percent of bridges at a condition level of fair or better. The following table shows condition ratings for state bridges:

Bridges Percentage in Fair or Better Condition* Two Year Cycle Ending Fiscal Year			
<u>2013</u>	<u>2011</u>	<u>2009</u>	Average of Last <u>Three Assessments</u>
91.4%	95.4%	97.7%	94.8%

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

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

Bridges Preservation and Maintenance - Planned to Actual - Fiscal Year (expressed in thousands)					
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Planned	\$ 92,192	\$ 98,519	\$ 66,510	\$ 46,708	\$ 54,490
Actual	87,271	87,306	61,026	43,709	44,436
Variance	\$ 4,921	\$ 11,213	\$ 5,484	\$ 2,999	\$ 10,054
	5.3%	11.4%	8.2%	6.4%	18.5%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management's decision to accelerate, defer, or reduce preservation or maintenance activity in response to economic forecasts and other factors.

For more information about bridges, refer to the WSDOT's website at:  
<http://www.wsdot.wa.gov/Bridge/Structures/>.

## SAFETY REST AREA CONDITION

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

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

Safety Rest Areas Percentage in Fair or Better Condition Two Year Cycle Ending Calendar Year			
<u>2013</u>	<u>2011</u>	<u>2009</u>	Average of Last <u>Three Assessments</u>
100.0%	100.0%	97.6%	99.2%

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

Safety Rest Areas Preservation and Maintenance - Planned to Actual - Fiscal Year (expressed in thousands)					
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Planned	\$ 7,488	\$ 6,607	\$ 6,278	\$ 6,259	\$ 5,815
Actual	7,591	6,676	6,467	6,514	5,925
Variance	\$ (103)	\$ (69)	\$ (189)	\$ (255)	\$ (110)
	(1.4%)	(1.0%)	(3.0%)	(4.1%)	(1.9%)

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management's decision to accelerate, defer, or reduce preservation or maintenance activity in response to economic forecasts and other factors.

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



## **Washington State Auditor Troy Kelley**

### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

October 31, 2014

The Honorable Jay Inslee  
Governor, State of Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the State of Washington, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated October 31, 2014. During the year ended June 30, 2014, the State implemented Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* and Statement No. 70, *Nonexchange Financial Guarantees*.

Our report includes a reference to other auditors who audited the financial statements of the Department of Retirement Systems, Local Government Investment Pool, University of Washington, and the funds managed by the State Investment Board, 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 Department of Retirement Systems, Local Government Investment Pool, University of Washington, and the funds managed by the State Investment Board were not audited in accordance with *Government Auditing Standards*.

## ***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the State's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, we noted certain matters that we have reported to the management of the State in separate letters dated October 31, 2014.

## ***COMPLIANCE AND OTHER MATTERS***

As part of obtaining reasonable assurance about whether the State's financial statements are free from material misstatement, we performed tests of the State's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

## ***PURPOSE OF THIS REPORT***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves



to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

**TROY KELLEY**  
STATE AUDITOR  
OLYMPIA, WA

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**Washington State Auditor  
Troy Kelley**

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

March 17, 2015

The Honorable Jay Inslee  
Governor, State of Washington

Dear Governor Inslee:

***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM***

We have audited the compliance of the State of Washington with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2014. The State's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Audit Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance

with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the State's compliance.

### ***Unmodified Opinion on Major Federal Programs***

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the accompanying Schedule of Audit Findings and Questioned Costs for the year ended June 30, 2014.

### ***Other Matters***

The results of our auditing procedures also disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Audit Findings and Questioned Costs as Findings 2014-001, 2014-002, 2014-003, 2014-004, 2014-005, 2014-007, 2014-008, 2014-010, 2014-013, 2014-014, 2014-015, 2014-016, 2014-017, 2014-018, 2014-019, 2014-020, 2014-021, 2014-022, 2014-024, 2014-025, 2014-027, 2014-028, 2014-029, 2014-030, 2014-031, 2014-032, 2014-033, 2014-034, 2014-035, 2014-036, 2014-037, 2014-038, 2014-039, 2014-040, 2014-042, 2014-043, 2014-044, 2014-045, 2014-046, 2014-048, 2014-049, 2014-050, 2014-051, 2014-052, 2014-053, 2014-054, and 2014-055. Our opinion on each major federal program is not modified with respect to these matters.

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

The State's responses to the noncompliance findings identified in our audit are described in the accompanying Schedules of Audit Findings and Questioned Costs. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### ***REPORT ON INTERNAL CONTROL OVER COMPLIANCE***

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over

compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Audit Findings and Questioned Costs as Findings 2014-001, 2014-002, 2014-003, 2014-005, 2014-007, 2014-010, 2014-011, 2014-013, 2014-014, 2014-015, 2014-016, 2014-017, 2014-018, 2014-019, 2014-020, 2014-021, 2014-023, 2014-024, 2014-025, 2014-026, 2014-027, 2014-028, 2014-034, 2014-038, 2014-039, 2014-041, 2014-042, 2014-045, 2014-046, 2014-047, 2014-051, 2014-052, 2014-053, 2014-054, and 2014-055 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Audit Findings and Questioned Costs as Findings 2014-006, 2014-008, 2014-009, 2014-012, and 2014-048 to be significant deficiencies.

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

The State's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedules of Audit Findings and Questioned Costs. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### ***PURPOSE OF THIS REPORT***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

## ***REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the state of Washington as of and for the year ended June 30, 2014, and have issued our report thereon dated October 31, 2014, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the State of Washington's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sincerely,



**TROY KELLEY**  
STATE AUDITOR

March 17, 2015, except for the Schedule  
of Expenditures of Federal Awards, as to  
which the date is October 31, 2014

<b>Schedule of Audit Findings and Questioned Costs</b>
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**SUMMARY OF AUDITOR'S RESULTS**

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

**FINANCIAL STATEMENTS**

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

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

- *Significant Deficiencies* - We identified no deficiencies that we consider to be significant deficiencies.
- *Material Weaknesses* - We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the State.

**FEDERAL AWARDS*****Internal Control Over Major Programs:***

- *Significant Deficiencies* - We identified deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses* - We identified deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the state's compliance with requirements applicable to its major federal programs.

We reported findings that are required to be reported under Section 510(a) of OMB Circular A-133.

***Identification of major programs:***

The following were major programs during the period under audit:

<b>CFDA</b>	<b>PROGRAM</b>
10.565 10.568 10.569	<u>Food Distribution Cluster</u> Commodity Supplemental Food Program Emergency Food Assistance Program (Administrative Costs) Emergency Food Assistance Program (Food Commodities)
10.664	Cooperative Forestry Assistance
12.401	National Guard Operations and Maintenance (O&M) Projects
16.575	Crime Victim Assistance
17.207 17.801 17.804	<u>Employment Service Cluster</u> Employment Service/Wagner-Peyser Funded Activities Disabled Veterans' Outreach Program (DVOP) Local Veterans' Employment Representative (LVER) Program
17.245	Trade Adjustment Assistance
20.205 20.205A 20.219 23.003	<u>Highway Planning and Construction Cluster</u> Highway Planning and Construction (Federal-Aid Highway Program) Highway Planning and Construction (Federal-Aid Highway Program) - American Recovery and Reinvestment Act (ARRA) Recreational Trails Program Appalachian Development Highway System
64.015	Veterans State Nursing Home Care



66.458 66.482	<u>Clean Water State Revolving Fund Cluster</u> Capitalization Grants for Clean Water State Revolving Funds Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Clean Water State Revolving Funds
66.468 66.483	<u>Drinking Water State Revolving Fund Cluster</u> Capitalization Grants for Drinking Water State Revolving Funds Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Drinking Water State Revolving Funds
84.007 84.033 84.037 84.038 84.063 84.268 84.379  84.408  93.264 93.342  93.364 93.408 93.925	<u>Student Financial Assistance Cluster</u> Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Work-Study Program (FWS) Perkins Loan Cancellations Federal Perkins Loan (FPL) – Federal Capital Contributions Federal Pell Grant Program (PELL) Federal Direct Student Loans (Direct Loan) Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) Postsecondary Education Scholarships for Veteran’s Dependents (Iraq and Afghanistan Service Grants (IASG)) Nurse Facility Loan Program (NFLP) Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students (HPSL/PCL/LDS) Nursing Student Loans (NSL) ARRA – Nurse Faculty Loan Program (ARRA-NFLP) Scholarships for Disadvantaged Students (SDS)
84.010	Title I Grants to Local Education Agencies (Title I, Part A of the ESEA)
84.011	Migrant Education – State Grant Program (Title I, Part C of ESEA)
84.027 84.173	<u>Special Education Cluster (IDEA)</u> Special Education – Grants to States (IDEA, Part B) Special Education – Preschool Grants (IDEA Preschool)
84.048	Career and Technical Education – Basic Grants to States (Perkins IV)

84.287	Twenty-First Century Community Learning Centers
84.412	Race to the Top – Early Learning Challenge
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance
93.266	Health Systems Strengthening and HIV/AIDS Prevention, Care and Treatment under the President’s Emergency Plan for AIDS Relief
93.505	Affordable Care Act – Maternal, Infant, and Early Childhood Home Visiting Program Formula, Expansion, and Development Grants to States
93.566	Refugee and Entrant Assistance – State-Administered Programs
93.568	Low-Income Home Energy Assistance
93.575 93.596	<u>Child Care and Development Fund Cluster</u> Child Care and Development Block Grant Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.600	Head Start
93.658	Foster Care – Title IV-E
93.767	Children’s Health Insurance Program (CHIP)

93.775 93.777 93.778 93.778A	<u>Medicaid Cluster</u> State Medicaid Fraud Control Units State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare Medical Assistance Program (Medicaid; Title XIX) Medical Assistance Program (Medicaid; Title XIX) - American Recovery and Reinvestment Act (ARRA)
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the States
96.001 96.006	<u>Disability Insurance /SSI Cluster</u> Social Security – Disability Insurance (DI) Supplemental Security Income (SSI)
97.046	Fire Management Assistance Grant
97.067	Homeland Security Grant Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$30,000,000.

The state did not qualify as a low-risk auditee under OMB Circular A-133.

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**Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2014**

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**Summary of Federal Findings**

<b>Finding Number</b>	<b>Finding</b>
2014-001	The Department of Agriculture does not have adequate internal controls to ensure compliance with federal suspension and debarment requirements for the Food Distribution cluster.
2014-002	The Department of Agriculture does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Food Distribution Cluster are filed correctly.
2014-003	The Recreation and Conservation Office does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Pacific Coast Salmon Recovery Program are filed accurately.
2014-004	The Military Department did not maintain required documentation for payroll costs charged to the National Guard program.
2014-005	The Department of Commerce does not have adequate internal controls to ensure HOME Investment Partnership program income is used before requesting federal cash draws.
2014-006	The Department of Commerce does not have adequate internal controls to ensure subrecipients spending \$500,000 or more in total federal dollars obtain audits as required.
2014-007	The Department of Commerce does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Crime Victim Assistance Program are filed accurately.
2014-008	The Employment Security Department does not have adequate internal controls to ensure transportation reimbursement payments to Trade Adjustment Assistance program participants are allowable and accurate.
2014-009	The Employment Security Department does not have adequate internal controls to ensure only eligible participants of the Trade Adjustment Assistance program receive services and benefits.
2014-010	The Department of Transportation does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Highway Planning and Construction grant program are filed accurately.
2014-011	The Department of Health does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Drinking Water State Revolving Fund are filed correctly.

2014-012	The Workforce Training and Education Coordinating Board did not have adequate internal controls to ensure it meets federal level of effort requirements for the Career and Technical Education Grant.
2014-013	The Workforce Training and Education Coordinating Board does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed.
2014-014	The Department of Early Learning did not have adequate internal controls to ensure subrecipients that spend \$500,000 or more in federal dollars obtain required audits.
2014-015	The Department of Early Learning does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed accurately for the Race to the Top-Early Learning Challenge and Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting programs.
2014-016	The Department of Health does not have adequate internal controls to ensure it meets federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.
2014-017	The Department of Health does not have adequate internal controls over, and did not comply with, the Federal Funding Accountability and Transparency Act reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.
2014-018	The Department of Social and Health Services does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Substance Abuse and Mental Health Services Projects of Regional Significance programs are filed accurately.
2014-019	The Department of Social and Health Services does not have adequate internal controls in place to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse and Substance Abuse and Mental Health Services Projects of Regional Significance programs receive required audits.
2014-020	The Department of Social and Health Services did not have adequate internal controls over, and was not compliant with, its required collection of Data Universal Numbering System (DUNS) numbers from subrecipients under the Block Grants for Prevention and Treatment of Substance Abuse and Substance Abuse and Mental Health Services Projects of Regional Significance programs.
2014-021	The Department of Social and Health Services does not have adequate internal controls to ensure only eligible refugees receive Refugee Cash Assistance.
2014-022	The Department of Social and Health Services improperly charged grant expenditures prior to the start of the Refugee and Entrant Assistance grant's period of availability.
2014-023	The Department of Early Learning does not have adequate internal controls over payments to child care providers for the Child Care and Development Fund program.
2014-024	The Department of Early Learning does not have adequate controls to ensure it draws Child Care and Development Fund program federal funds in accordance with the Cash Management Improvement Act.

2014-025	The Department of Early Learning does not have sufficient internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Child Care and Development Fund program are filed accurately.
2014-026	The Department of Social and Health Services does not have adequate internal controls over client eligibility for the Child Care Development Fund.
2014-027	The Department of Social and Health Services does not have adequate internal controls over, and was not compliant with, foster care payment rate setting and application requirements for the Foster Care program.
2014-028	The Department of Health did not ensure Medicaid hospital and home health agency surveys were performed in accordance with the frequency required by state and federal laws.
2014-029	The Health Care Authority did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.
2014-030	The Health Care Authority improperly claimed federal reimbursement for non-emergency services provided to nonqualified aliens and for payments made on behalf of deceased Medicaid clients.
2014-031	The Health Care Authority did not seek reimbursement for all eligible Medicaid outpatient drug rebate claims.
2014-032	The Health Care Authority made improper Medicaid inpatient high outlier payments to hospitals.
2014-033	The Health Care Authority made overpayments to providers for Medicaid dental services.
2014-034	State law requiring Medicaid data exchanges with health insurers is not being followed.
2014-035	The Health Care Authority did not properly calculate a Medicaid Electronic Health Record incentive payment.
2014-036	The Health Care Authority made improper payments to Medicaid Federally Qualified Health Center providers.
2014-037	The Health Care Authority improperly claimed Children's Health Insurance Program federal funds for eligible Medicaid expenditures.
2014-038	The Health Care Authority did not have adequate controls in place to ensure all Medicaid critical access hospitals were paid accurately.
2014-039	The Health Care Authority did not have adequate controls in place to investigate Medicaid service verification surveys returned in a foreign language.
2014-040	The Department of Social and Health Services, Developmental Disabilities Administration, did not pay Medicaid supported living providers at authorized daily rates.
2014-041	The Department of Social and Health Services, Developmental Disabilities Administration, does not have adequate internal controls to ensure cost of care adjustments paid to Medicaid supported living service providers are authorized, supported and reasonable.

2014-042	The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate controls to ensure Medicaid payments to supported living service providers are allowable.
2014-043	The Department of Social and Health Services, Developmental Disabilities Administration, made overpayments to Medicaid supported living providers.
2014-044	The Department of Social and Health Services, Developmental Disabilities Administration, made overpayments to Medicaid supported living providers who did not ensure all staff with access to developmentally disabled clients receive a proper background check and are authorized to have access to vulnerable supported living clients.
2014-045	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not respond in a timely manner to complaints/allegations of abuse, neglect, exploitation, inadequate care or supervision in Medicaid residential facilities.
2014-046	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not complete surveys for Medicaid nursing home and intermediate care facilities for individuals with intellectual disabilities in a timely manner.
2014-047	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately document inspections of Medicaid Adult Family Home providers.
2014-048	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Medicaid Adult Family Home providers to ensure all providers, caregivers and resident managers who are employed directly or by contract have proper background checks.
2014-049	The Department of Social and Health Services, Aging and Long-Term Support Administration, made unallowable payments to Medicaid providers who did not meet background check requirements for in home care providers.
2014-050	The Department of Social and Health Services improperly claimed federal reimbursement for non-emergency services provided to nonqualified aliens and for payments made on behalf of deceased Medicaid clients.
2014-051	The Department of Social and Health Services did not have adequate internal controls in place, and did not comply with, the level of effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse.
2014-052	The Department of Health does not have adequate internal controls over, and did not comply with, the Federal Funding Accountability and Transparency Act reporting requirements for the Maternal and Child Health Services Block Grant.
2014-053	The Department of Social and Health Services did not have adequate internal controls to ensure contracts were procured in accordance with state law for the Disability Insurance and Supplemental Security Income programs.
2014-054	The Department of Social and Health Services does not have adequate internal controls to ensure providers were qualified to perform consultative examinations for the Disability Insurance and Supplemental Security Income programs.



2014-055	The Military Department does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Homeland Security and Fire Management Assistance Grant programs are filed accurately.
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**Schedule of Findings and Questioned Costs**  
For the Fiscal Year Ended June 30, 2014

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**Summary of Questioned Costs**

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<b>Federal Grantor</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Known Questioned Cost</b>	<b>Finding Number(s)</b>
U.S. Department of Defense	Military Department	12.401	National Guard Operations and Maintenance Projects	\$66,924	2014-004
U.S. Department of Labor	Employment Security Department	17.245	Trade Adjustment Assistance Grant	\$1,544	2014-008
U.S. Department of Health and Human Services	Department of Social and Health Services	93.566	Refugee and Entrant Assistance	\$69,667	2014-021 2014-022
U.S. Department of Health and Human Service	Health Care Authority	93.775 93.777 93.778	Medicaid Cluster	\$1,246,854	2014-029 2014-030 2014-031 2014-032 2014-033 2014-036 2014-037
U.S. Department of Health and Human Services	Department of Social and Health Services	93.775 93.777 93.778	Medicaid Cluster	\$2,240,792	2014-040 2014-042 2014-043 2013-044 2014-048 2014-049 2014-050
			<b>Total</b>	<b>\$3,625,781</b>	

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## Federal Findings and Questioned Costs

<b>Federal Awarding Agency:</b>	U.S. Department of Agriculture			
<b>Pass-Through Entity:</b>	None			
<b>CFDA Number and Title:</b>	10.565	Commodity	Supplemental	Food
		Program		
	10.568	Emergency Food Assistance Program (Administrative Costs)		
	10.569	Emergency Food Assistance Program (Food Commodities)		
<b>Federal Award Number:</b>	13137WAWA3Y8005; 14147WAWA3Y8005; 13127WAWA9Y8105; 13137WAWA9Y8105; 1413WAWA9Y8105; 14147WAWA9Y8105			
<b>Applicable Compliance Component:</b>	Suspension and Debarment			
<b>Questioned Cost Amount:</b>	None			

- Checking the federal Excluded Parties List System

- Collecting a certification from the vendor or subrecipient
- Adding a clause or condition to the covered transaction with the vendor or subrecipient

The U.S. Department of Agriculture also requires the Department to ensure its subrecipients include a specific certification in all applicable lower tier subawards or contracts. This certification specifies the suspension and debarment requirements and requires the subrecipient or vendor to certify they will include this certification in any lower tier transactions.

During fiscal year 2014 the Department paid subrecipients approximately \$1.7 million in program funds.

### **Description of Condition**

We found the Department did not verify whether 20 subrecipients and one vendor paid in fiscal year 2014 were suspended or debarred. We were able to verify the subrecipients and vendor that received more than \$25,000 had not been suspended or debarred, therefore, we are not questioning costs for these payments.

The Department also did not include the federally required certification in any of their subawards or the applicable vendor contract.

### **Cause of Condition**

The Department was unaware of suspension and debarment requirements and their responsibilities to ensure subrecipients and vendors were not suspended or debarred.

We consider this internal control weakness to be a material weakness.

### **Effect of Condition**

This material weakness in internal controls increases the risk the Department will enter into contracts with subrecipients or vendors who are suspended or debarred from receiving federal funds. Payments to subrecipients or vendors who are suspended or debarred would be unallowable and the Department may have to repay the funding to the grantor. In addition, failure to comply with grant requirements could result in loss of eligibility for future federal awards.

Additionally, by not including the required certification in agreements with subrecipients and vendors, the Department cannot ensure these entities will follow the required regulations and pass them along to any entities they award subawards or contracts to. This could result in the subgrantee or vendor also being noncompliant with federal regulations.

## **Recommendation**

We recommend the Department establish internal controls adequate to ensure:

- All subrecipients receiving federal funds, and vendors receiving more than \$25,000, have not been suspended or debarred prior to entering into contracts.
- All subawards and applicable vendor contracts include the federally required certification regarding suspension and debarment.
- Staff responsible for contracting with subrecipients and vendors receive training on federal suspension and debarment requirements.

## **Department's Response**

*The Department concurs with the auditor's recommendation to establish internal controls regarding federal suspension and debarment requirements.*

*Effective with the new biennial contract period (July 1, 2015 – June 30, 2017) the federal suspension and debarment language will be added to each contract. In addition, program staff will check the federal Excluded Parties List system prior to the contract execution date. The contractor verification documentation will be maintained in each contract file. Staff will require each contractor to include suspension and debarment language in all lower tier agreements. All Food Assistance program staff will receive training and written instructions on federal suspension and debarment requirements by June 30, 2015.*

*We appreciate the opportunity to work with the auditors to ensure the department meets all state and federal requirements in the administration of the Food Assistance program.*

## **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe



than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 2, Code of Federal Regulations, states in part:

Section 180.210 – Which nonprocurement transactions are covered transactions?

All nonprocurement transactions, as defined in Sec.180.970, are covered transactions unless listed in the exemptions under Sec.180.215.

Section 180.970 – Nonprocurement transaction.

(a) *Nonprocurement transaction* means any transaction, regardless of type (except procurement contracts), including, but not limited to the following:

(1) Grants.

Section 180.220 – Are any procurement contracts included as covered transactions?

(a) 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.180.210, and the amount of the contract is expected to equal or exceed \$25,000.

Title 7, Code of Federal Regulations, states in part:

Section 3017.510 Participants' responsibilities.

(a) *Certification by participants in primary covered transactions.* Each participant shall submit the certification in Appendix A to this Part for it and its principals at the time the participant submits its proposal in connection with a primary covered transaction, except that States need only complete such certification as to their principals. Participants may decide the method and frequency by which they determine the eligibility of their principals. In addition, each participant may, but is not required to, check the Nonprocurement List for its principals (Tel. #). Adverse information on the certification will not necessarily result in denial of participation. However, the certification, and any additional information pertaining to the certification submitted by the participant, shall be considered in the administration of covered transactions.

(b) *Certification by participants in lower tier covered transactions.*

(1) Each participant shall require participants in lower tier covered transactions to include the certification in Appendix B to this part for it and its principals in any proposal submitted in connection with such lower tier covered transactions.

(2) A participant may rely upon the certification of a prospective participant in a lower tier covered transaction that it and its principals are not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction by any Federal agency, unless it knows that the certification is erroneous. Participants may decide the method and frequency by which they determine the eligibility of their principals. In addition, a participant may,

but is not required to, check the Nonprocurement List for its principals and for participants (Tel. #).

Title 7, Code of Federal Regulation,

APPENDIX B TO PART 3017— CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION— LOWERTIER COVERED TRANSACTIONS

Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
4. The terms *covered transaction*, *debarred*, *suspended*, *ineligible*, *lower tier covered transaction*, *participant*, *person*, *primary covered transaction*, *principal*, *proposal*, and *voluntarily excluded*, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled “Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction,” without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions,

unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

*Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions*

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

**2014-002**                    **The Department of Agriculture does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Food Distribution Cluster are filed correctly.**

<b>Federal Awarding Agency:</b>	U.S. Department of Agriculture
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	10.565    Commodity Supplemental Food Program
	10.568    Emergency Food Assistance Program (Administrative Costs)
	10.569    Emergency Food Assistance Program (Food Commodities)
<b>Federal Award Number:</b>	13137WAWA3Y8005; 14147WAWA3Y8005; 13127WAWA9Y8105; 13137WAWA9Y8105; 1413WAWA9Y8105; 14147WAWA9Y8105
<b>Applicable Compliance Component:</b>	Reporting
<b>Questioned Cost Amount:</b>	None

## **Background**

The Washington state Department of Agriculture administers the federal Food Distribution Cluster program. This program provides food donated by the U.S. Department of Agriculture to supplement the diets of eligible clients. The Department of Agriculture contracts with food banks and non-profit agencies that determine eligibility and order and deliver food to the clients. In fiscal year 2014 the Department spent over \$1.9 million in administrative funds and provided over \$10 million in food to food banks and non-profit agencies.

Under the Federal Funding Accountability and Transparency Act (Accountability Act), the Office is required to collect and report information on each subaward or amendment of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System. The reporting must be done by the end of the month following the month in which the subaward was made. The intent of the Accountability Act is to empower citizens with the ability to hold the government accountable for spending decisions and, as a result, reduce wasteful spending in the government.

In fiscal year 2014, the Department made 21 new subawards for the program totaling approximately \$1.3 million that would require reporting.

## **Description of Condition**

The Department did not have adequate internal controls in place to ensure the fiscal year 2014 Accountability Act reports were filed. The Department should have reported 21 subawards totaling approximately \$1.3 million during the audit period but did not report any subawards.

The Department's process was to report the funds expended by each subrecipient once per year. The Department was entering these subawards into the FFATA Subaward Reporting System and then amending the submission at the end of the federal fiscal year to match what the subrecipient had expended for that subaward.

### **Cause of Condition**

The Department did not have policies and procedures to ensure it complied with Accountability Act reporting requirements. The employee assigned to file the required reports was not aware of reporting requirements, specifically that the amount required to be reported was the amount awarded to the subrecipient, not the amount of federal funds they actually received. Management was not sufficiently monitoring to ensure federal regulations were met.

We consider these internal control deficiencies to constitute a material weakness.

### **Effect of Condition**

By not properly submitting the required reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Department for noncompliance, suspending or terminating the award and withholding future awards.

### **Recommendation**

We recommend the Department establish policies and procedures to ensure all Accountability Act reports are submitted properly. We further recommend that a secondary review is conducted prior to reports being submitted.

### **Department's Response**

*The Department concurs with the auditor's recommendation to establish policies and procedures to ensure all Accountability Act reports are submitted properly and that a secondary review is conducted prior to reports being submitted.*

*By March 16, 2015, all Federal Funding Accountability and Transparency Act (FFATA) reportable amounts will be entered into the federal reporting system by the Food Assistance program staff. The program will submit all future FFATA reportable amounts within the established FFATA timeframes. By June 30, 2015, applicable Food Assistance program staff will receive training and written reporting procedures including a secondary review prior to reports being submitted.*

*We appreciate the opportunity to work with the auditors to ensure the department meets all state and federal requirements in the administration of the Food Assistance program.*

## Auditor's Concluding Remarks

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 2, Code of Federal Regulations, APPENDIX A TO PART 170—AWARD TERM, states, in part:

I. Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111–5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. Where and when to report.
  - i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
  - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

**2014-003**                    **The Recreation and Conservation Office does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Pacific Coast Salmon Recovery Program are filed accurately.**

<b>Federal Awarding Agency:</b>	U.S. Department of Commerce
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	11.438    Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program
<b>Federal Award Number:</b>	NA11NMF4380267, NA11NMF4380165, NA11NMF4380159, NA12NMF4380230, NA12NMF4380098, NA13NMF4380251, NA13NMF4380096
<b>Applicable Compliance Component:</b>	Reporting
<b>Questioned Cost Amount:</b>	None

## **Background**

The Recreation and Conservation Office is the state agency that manages grants that pay for outdoor recreation opportunities, protect the state's wildlife habitat and farmland and help restore salmon habitat. The Recreation and Conservation Office, through the Recreation and Conservation Funding Board, administers the federal Pacific Coast Salmon Recovery program.

The Office spent approximately \$27.7 million in Pacific Coast Salmon Recovery funds in fiscal year 2014, of which \$19.6 million was distributed to subrecipients.

Under the Federal Funding Accountability and Transparency Act (Accountability Act), the Office is required to collect and report information on each subaward or amendment of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System. The reporting must be done by the end of the month following the month in which the subaward was made. The intent of the Accountability Act is to empower citizens with the ability to hold the government accountable for spending decisions and, as a result, reduce wasteful spending in the government.

We reported a finding in our fiscal year 2012 audit for subawards not being reported in the Federal Funding Accountability and Transparency Act Subaward Reporting System. The prior audit finding number was 12-06.

In fiscal year 2014, the Office made 113 new subawards for the program totaling \$20 million that would require reporting.



## **Description of Condition**

We found the Office did not have adequate internal controls in place to ensure the fiscal year 2014 Accountability Act reports were filed. The Office was reporting state agencies in the Federal Funding Accountability and Transparency Subaward Reporting System even though these transfers of funds are not considered subawards and are therefore not reportable. Although these transfers are not reportable, any subaward made by a state agency receiving funds must be reported by the Office. The Office was not reporting the subawards made by other state agencies.

## **Cause of Condition**

Office management did not monitor reporting activity to ensure it complied with the Act. The employee assigned to file the required reports was not aware of reporting requirements. The employee and management were not aware that state agencies should not be reported as subrecipients. They were also not aware that they had to report subawards made by other state agencies they transfer money to.

We consider these control deficiencies to be a material weakness.

## **Effect of Condition**

We randomly selected and tested 16 subawards and determined three awards to state agencies were improperly reported and three other subawards were reported 52 days late. We expanded our testing and determined the Office reported eight agreements, totaling \$3,465,359, with state agencies that should not have been reported.

We also determined the state agencies that received federal funds from the Office made two subawards totaling \$237,146 that should have been reported. The Office did not report these awards.

By not correctly submitting the required reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Office for noncompliance, suspending or terminating the award and withholding future awards.

## **Recommendation**

We recommend the Office update its policies and procedures to ensure Accountability Act reports are submitted accurately.

## **Office's Response**

*RCO agrees with the finding and would like to thank the State Auditor's Office for a thorough review of our agency's Accountability Act reporting.*

*As a result, RCO will no longer report on pass through funds given to other state agencies. Additionally, RCO will ask the state agencies to report what portion of the funds have been*

*passed through to subreipients. Any amount passed from the agencies, to non-state subreipients, will be reported in RCO's Accountability Act reports. This will begin with the next monthly reporting in March 2015.*

### **Auditor's Concluding Remarks**

We thank the Office for its cooperation and assistance throughout the audit. We will review the status of the Office's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

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**Material noncompliance.** In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

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3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

**2014-004**

**The Military Department did not maintain required documentation for payroll costs charged to the National Guard program.**

<b>Federal Awarding Agency:</b>	U.S. Department of Defense
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	12.401 National Guard Military Operations and Maintenance (O&M) Projects
<b>Federal Award Number:</b>	W91K23-11-2-1000
<b>Applicable Compliance Component:</b>	Allowable Costs / Cost Principles
<b>Questioned Cost Amount:</b>	\$66,924

### **Background**

The Washington state Military Department administers the National Guard Military Operations and Maintenance Projects. This federal cooperative agreement supports the operations and maintenance of Army National Guard (ARNG) and Air National Guard (ANG) facilities and provides authorized service support activities to National Guard units and personnel.

In fiscal year 2014, the Department spent approximately \$19 million in federal funds on the program, approximately 37 percent of which were payroll expenses.

Recipients may use grant money only for costs that are allowable and related to the grant's purpose. Federal regulations specify the documentation that must be kept to support employee compensation charged to federal grants. If an employee works solely on the grant program and all related payroll costs are charged to that grant, the employee must certify this in writing at least semi-annually. Payroll costs of employees who work on multiple programs must be supported by personnel activity reports, such as timesheets. These reports must:

- Reflect how much time the employee worked on each program or cost objective
- Account for the total activity for which the employee is compensated
- Be prepared at least monthly and coincide with one or more pay periods
- Be signed by the employee

Payroll charges may be based on an estimate of time worked, if the estimate is reconciled to actual work activity at least quarterly.

### **Description of Condition**

During all of fiscal year 2014, a manager who billed his time to both state and federal program codes did not prepare required timesheets. Federal regulations, as well as the Department's own policies, required that the employee prepare monthly timesheets.

### **Cause of Condition**

The manager was unaware of the grant requirement to create and maintain documentation to support time and effort even though it is required by both federal regulations and the Department's policies. Additionally, the Department did not adequately monitor the employee's activities to ensure the required documentation was maintained.

### **Effect of Condition and Questioned Costs**

We found \$66,924 in direct payroll and benefit charges to the National Guard Military Operations and Maintenance Projects grants that were not supported in compliance with federal requirements and Department policies.

In accordance with federal audit requirements, we question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support an expenditure. The federal grantor could disallow these charges and require the Department to pay back the money.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support an expenditure.

### **Recommendation**

We recommend the Department ensure time and effort charged to a federal grant is supported by required documentation. We also recommend that Department management review time sheets and certifications to ensure charges to the grant are adequately supported.

The Department should consult with its grantor to determine what, if any, of the questioned costs should be repaid.

### **Department's Response**

*We concur with the SAO finding. We have taken action to inform the manager and the division director that timesheets are required when billing a federal grant. The manager is currently filling out timesheets which are approved by the division director when billing federal grants and will continue to complete timesheets as long as this funding is available.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 300, states in part:

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

U.S. Office of Management and Budget Circular A-87 (2 CFR 225), *Cost Principles for State, Local and Indian Tribal Governments*, states:

Appendix B, Section 8(h):

Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

- (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 reasonable 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 semiannually and will be signed by the employee or supervisory official having firsthand 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 8.h.(5) of this appendix unless a statistical sampling system (see subsection 8.h.(6) of this appendix) 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 8.h.(6)(c) of this appendix;
    - (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 8.h.(6)(a) of this appendix 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.

**2014-005      The Department of Commerce does not have adequate internal controls to ensure HOME Investment Partnerships Program income is used before requesting federal cash draws.**

<b>Federal Awarding Agency:</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	14.239 HOME Investment Partnerships Program
<b>Federal Award Number:</b>	M11-SG-53-0100, M12-SG53-0100, M13-SG53-0100
<b>Applicable Compliance Component:</b>	Program Income and Cash Management
<b>Questioned Cost Amount:</b>	None

## **Background**

The HOME Investment Partnership Program is designed to provide decent and affordable housing for low-income households. The Department of Commerce administers the HOME program. The Department uses HOME funds for two major programs: the HOME General Purpose program and HOME Tenants Based Rental Assistance program. The General Purpose program supports the construction, acquisition or rehabilitation of affordable housing units and creates rental and homeownership opportunities statewide for low-income households. The Tenants Based program provides homeless and low-income households with rental assistance.

For the General Purpose program, the Department provides the HOME loans to local governments, housing authorities or nonprofits to finance the construction of multi-family rental housing units. The Department receives program income through payments of principal and interest on the loans. Federal regulations require the Department pay out the program income before requesting additional federal cash draws.

In fiscal year 2014, the Department requested more than \$6 million of HOME funds. The program generated approximately \$1,367,000 in program income.

During our fiscal year 2012 and 2013 audits we determined the Department's HOME program did not have adequate internal controls to ensure that program income was used prior to drawing federal funds. This was reported as finding numbers 2013-004 and 12-08.

As part of our fiscal year 2014 audit, we reviewed the Department's finding and corrective action plan to determine the status of the prior audit finding. The Department's action plan was to review the current process to reconcile the bank balance to the Integrated Disbursement and Information System (IDIS). The Department also planned to refine its methodology to ensure program income is spent before federal funds are drawn. The methodology will address the use of program income for both project and administrative costs. In addition, the HOME program and Accounting Department planned to update their procedures manual.

The completion date of the corrective action was listed as September 2014.

### **Description of Condition**

We found the Department's internal controls are still not adequate to ensure all HOME program income is used before requesting additional federal HOME funds. We commend the Department for taking steps to reduce the program income account balance, including more regularly entering information in IDIS. However, it did not fully implement its corrective action plan during fiscal year 2014.

Specifically, we found program income was not drawn prior to requesting federal funds. Federal draws made in fiscal year 2014 totaled \$6,067,757. The Department made an effort to reduce the balance of the program income account by making draws from October 2013 to June 2014 for a total of approximately \$1.5 million, but did not draw program income to zero at any time prior to drawing additional federal funds. The average program income account balance at the time of making a federal draw was approximately \$323,000. The program income account balance on June 30, 2014 was \$225,554.

### **Cause of Condition**

The program income account is reconciled monthly by fiscal staff and reports are forwarded to HOME program managers to enter the receipts into the IDIS. While this process provides useful information on the available program income balance, it does not show the most current account balance. As a result, the Department cannot ensure that all program income available at the time of the draw is offset against the federal draw.

We consider these internal control weaknesses to constitute a material weakness.

### **Effect of Condition**

As a result of this condition the Department received excess federal funds of approximately \$226,000 during fiscal year 2014. Without a process to ensure that all available program income receipts are drawn prior to drawing federal funds the Department cannot ensure it is in compliance with federal requirements.

Additionally, the Department may be required to submit interest earned on this money to the federal government, if the interest earnings exceeded \$100.

### **Recommendation**

We recommend the Department:

- Draw all available program income receipts prior to drawing federal funds.
- Update policies and procedures necessary to disburse HOME program income before requesting additional federal cash draws.

- Consult with its grantor and the state Office of Financial Management to determine if any interest earnings are owed to the federal government.

### **Department's Response**

*The Department concurs with the finding. The current process has been evaluated and new procedures identified. The new process will be accomplished by having the Accounting Office:*

- *Develop and maintain a "check" register showing the deposits made to the HOME Program Income account*
- *Identify the balance in the HOME Program Income account at a minimum of twice a month*
- *Require the approval of the Federal Draw and the HOME Program Income payment be completed by the supervisor that oversees banking authorizations.*
- *Require the approval of the HOME Program Income account bank reconciliation to be conducted by the Accounting Manager*
- *Update the desk manual for HOME program income and federal draws to include the process identified above*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

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- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with

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Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

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Circular A-102 Common Rule for the administration of grants and cooperative agreements to state and local governments, 24 C.F.R. §85.21 Payment, states in part:

- (f) Effect of program income, refunds, and audit recoveries on payment.
  - (1) Grantees and subgrantees shall disburse repayments to and interest earned on a revolving fund before requesting additional cash payments for the same activity.
  - (2) Except as provided in paragraph (f)(1) of this section, grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

U.S. Office of Management and Budget Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*, 2. Post-award Policies, states in part:

- e. Program Income
  - (2) Federal agencies shall instruct grantees to deduct program income from total program costs as specified in the grants management common rule at paragraph \_\_.25 (g)(1), unless agency regulations or the terms of the grant award state otherwise. Authorization for recipients to follow the other alternatives in paragraph \_\_.25 (g) (2) and (3) shall be granted sparingly.

U.S. Office of Management and Budget Circular A-133 Compliance Supplement 2014, Part 3-Compliance Requirements, C. Cash Management, states in part:

. . . interest earned by local government and Indian tribal government grantees and subgrantees on advances is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to \$100 per year may be kept for administrative expenses.

Title 24, Code of Federal Regulations, part 92, section 502 - Program disbursement and information system, states in part:

- (c) Disbursement of HOME funds.
  - (1) After complete project set-up information is entered into the disbursement and information system, HOME funds for the project may be drawn down from the United States Treasury account by the participating jurisdiction by electronic funds transfer. The funds will be deposited in the local account of the HOME Investment Trust Fund of the participating jurisdiction within 48 to 72 hours of the disbursement request. Any drawdown of HOME funds from the United States Treasury account is conditioned upon the provision of satisfactory information by the participating jurisdiction about the project or tenant-based rental assistance and compliance with other procedures, as specified by HUD.
  - (2) HOME funds drawn from the United States Treasury account must be expended for eligible costs within 15 days. Any interest earned within the 15 day period may be retained by the participating jurisdiction as HOME funds. Any funds that are drawn down and not expended for eligible costs within

15 days of the disbursement must be returned to HUD for deposit in the participating jurisdiction's United States Treasury account of the HOME Investment Trust Fund. Interest earned after 15 days belongs to the United States and must be remitted promptly, but at least quarterly, to HUD, except that a local participating jurisdiction may retain interest amounts up to \$100 per year for administrative expenses and States are subject to the Intergovernmental Cooperation Act (31 U.S.C. 6501 et seq.).

- (3) HOME funds in the local account of the HOME Investment Trust Fund must be disbursed before requests are made for HOME funds in the United States Treasury account.

**2014-006**      **The Department of Commerce does not have adequate internal controls to ensure subrecipients spending \$500,000 or more in total federal dollars obtain audits as required.**

<b>Federal Awarding Agency:</b>	U.S. Department of Housing and Urban Development U.S. Department of Justice U.S. Environmental Protection Agency U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	14.239 HOME Investment Partnerships Program 16.575 Crime Victim Assistance 66.468 Capitalization Grants for Drinking Water State Revolving Funds 66.483 Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Drinking Water State Revolving Funds 93.568 Low Income Home Energy Assistance 93.569 Community Services Block Grant
<b>Federal Award Number:</b>	M11-SG-53-0100; M12-SG53-0100; M13-SG53-0100; 2013-VA-GX-0047 ; FS-99083907; FS-99083908; FS-99083909; FS-99083910; FS-99083911; FS-99083912; FS-99083913; 2011G992201; 2011G992204; 2012G992201; 2012G99BX11; 2013G992201; 2014G992201; 2014G995623 G-12B1WACOSR; G-13B1WACOSR; G-14B1WACOSR
<b>Applicable Compliance Component:</b>	Subrecipient Monitoring
<b>Questioned Cost Amount:</b>	None

## **Background**

Federal regulations require the Department of Commerce to monitor the grant-funded activities of subrecipients. This includes ensuring organizations that spend \$500,000 or more in total from all sources of federal grant money during a fiscal year receive an audit of expenditures and internal controls over that money, in accordance with the federal Office of Management and Budget Circular A-133. This requirement is designed to ensure grant money is used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements. Grant recipients must submit the results of these audits to a federal clearinghouse within nine months of their fiscal year end.



The Department has received an audit finding for not ensuring all subrecipients receive their required audits during the three previous audits. These were reported as finding numbers 2013-003, 12-09 and 11-10. During the prior audit, the Department enhanced its Contract Management system with a new audit tracking module. Once the audit reports are received, they are reviewed and input in the Department's central audit tracking database. The internal auditor reviews the audit reports and notifies the program managers of the programs with federal dollars at risk. If findings are reported, the program manager is responsible for requesting a corrective action plan from the subrecipient and for ensuring the corrective actions are performed.

During fiscal year 2014 the Department paid 234 subrecipients approximately \$148 million from the federal programs included in our review with approximately \$14 million of these funds going to 174 subrecipients who spent less than \$500,000 from the Department.

### **Description of Condition**

We reviewed the Department's process to ensure audit reports are obtained from subrecipients and determined the Department had improved their internal controls sufficiently to ensure subrecipients who spent over \$500,000 in federal funds from the Department receive an audit. However, we also determined the Department is not ensuring that subrecipients who spent less than \$500,000 from the Department obtain a required audit if required. The Department has developed a process to ensure that these subrecipients are contacted to determine whether they required and received an audit but did not begin using this process until after the audit period.

### **Cause of Condition**

While the Department does have a policy in place for ensuring organizations that spent less than \$500,000 in federal funds from them receive an audit, if required, it did not follow this policy during the audit period. We consider this control weakness to be a significant deficiency.

### **Effect of Condition**

The Department cannot be certain whether all of its subrecipients who met the threshold for an A-133 audit complied with federal grant requirements and therefore cannot ensure it has met the monitoring requirements of its federal grantor.

### **Recommendation**

We recommend the Department ensure that its existing audit policy and procedures are clearly communicated, understood, and followed by staff.

### **Department's Response**

*The Department concurs with the finding. The fiscal year 2014 audit recommends the Department ensure that its existing audit policy and procedures are clearly communicated,*

*understood, and followed by staff. The Department is currently drafting new policies and procedures to articulate roles and responsibilities for the processes. After new policies and procedures are finalized, the Department will communicate to all levels of the agency.*

*During fiscal year 2014, the Department began a process of identifying and contacting subrecipients that received less than \$500,000 from the Department and may have received federal funding from other sources. At the time of this audit, the process was not fully implemented. The Department will continue to enhance and implement a process to help ensure the Department identifies and obtains the required audit reports. Specifically, the Internal Auditor will work with program areas to identify a proactive approach to identify subrecipients that received less than \$500,000 from the Department and may have received federal funding from other sources. Once identified, the Internal Auditor and program areas will follow-up with subrecipients to ensure they submit their required audits to the Department. Audits will be filed using the Department's Contract Management System.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### **Section 300**

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

#### **Section .400(d) - Pass-through entity responsibilities.**

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws,

regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

- (4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
- (6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.
- (7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements

that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**2014-007        The Department of Commerce does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Crime Victim Assistance Program are filed accurately.**

<b>Federal Awarding Agency:</b>	U.S. Department of Justice
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	16.575    Crime Victim Assistance
<b>Federal Award Number:</b>	2013-VA-GX-0047
<b>Applicable Compliance Component:</b>	Reporting
<b>Questioned Cost Amount:</b>	None

## **Background**

The Department of Commerce is the lead state agency charged with enhancing and promoting sustainable community and economic vitality in Washington. The Department of Commerce, through the U.S. Department of Justice, administers the federal Crime Victim Assistance program.

The Department spent approximately \$7.7 million in Crime Victim Assistance funds in fiscal year 2014, of which \$7.4 million was distributed to subrecipients.

Under the Federal Funding Accountability and Transparency Act (Accountability Act), the Department is required to collect and report information on each subaward or amendment of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System. The reporting must be done by the end of the month following the month in which the subaward was made. The intent of the Accountability Act is to empower citizens with the ability to hold the government accountable for spending decisions and, as a result, reduce wasteful spending in the government.

In fiscal year 2014, the Department made 77 subawards for the program totaling \$4.8 million that would require reporting. In addition, the Department of Social and Health Services (DSHS) received federal funds from the Department and made 44 subawards totaling approximately \$2.5 million that should have been reported.

## **Description of Condition**

We found the Department did not have adequate internal controls in place to ensure the fiscal year 2014 Accountability Act reports were filed properly. The Department reported \$2,894,958, which was transferred to DSHS as a subaward. The transfers of funds from one state agency to another are not considered a subaward and, therefore, should not have been reported. In addition, we found DSHS made 44 subawards, totaling \$2,464,633, that were not reported as required by the Department.

We randomly selected and reviewed 12 subawards that were reported by the Department and determined that, while the reported subaward data was accurate, all 12 subawards were filed late. Of the 12 subawards, 11 were filed 108 days late, and one was filed 78 days late.

### **Cause of Condition**

The employee assigned to file the required reports was not aware of all reporting requirements. The employee did not know a state agency should not be reported as a subrecipient, or that the Department had to report subawards made by another state agency they transfer money to. There was no independent review or management oversight of the employee's work to verify reports were being filed completely and accurately.

We consider these control deficiencies to be a material weakness.

### **Effect of Condition**

By not correctly submitting the required reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Department for noncompliance, suspending or terminating the award and withholding future awards.

### **Recommendation**

We recommend the Department establish policies and procedures to ensure all Accountability Act reports are submitted properly and timely. We further recommend that a secondary review is conducted prior to reports being submitted.

### **Department's Response**

*The Department concurs with the finding. The Department will be drafting a new policy and procedures to ensure all Accountability Act reports are submitted properly and timely.*

*The program has established a new process to include dual controls. Administrative support staff enters the information into the Federal Funding Accountability and Transparency Subaward Reporting System and the program manager reviews and submits the information. In addition, because the programs ability to enter the information in a timely way is dependent on the grant being entered into the system by the federal funder, when the program is unable to enter the information before the deadline the program will document the inability to enter it with screen shots of the system and email correspondence with the federal program manager.*

*The Department will also ensure that subawards through other Washington State Agencies are reported.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either

individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 2, Code of Federal Regulations, APPENDIX A TO PART 170—AWARD TERM, states, in part:

I. Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111–5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. Where and when to report.
  - i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
  - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.



**2014-008                    The Employment Security Department does not have adequate internal controls to ensure transportation reimbursement payments to Trade Adjustment Assistance program participants are allowable and accurate.**

<b>Federal Awarding Agency:</b>	U.S. Department of Labor
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	17.245    Trade Adjustment Assistance
<b>Federal Award Number:</b>	TA-24376-13-55-A-53 TA-22690-12-55-A-53 TA-21249-11-55-A-53
<b>Applicable Compliance Component:</b>	Activities Allowed or Unallowed Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$ 1,544
<b>Likely Questioned Cost Amount:</b>	\$ 159,560

## **Background**

The Employment Security Department administers the Trade Adjustment Assistance grant to assist eligible workers who are unemployed because of international trade. The United States Department of Labor certifies companies where foreign trade was a cause of the worker's job loss or threat of job loss. Once a company is certified, the Employment Security Department is responsible for determining what training and education services and benefits each employee is eligible for, how long they are eligible to receive these benefits and how much they are allowed to receive. The Department may also use federal grant funds to provide reimbursement for transportation costs.

Participants must be preapproved to be reimbursed for travel costs. This preapproval is calculated based on the actual distance the participant must travel and must be documented on a request for transportation/subsistence allowance form. Once they are determined eligible and begin training, the participant must submit a weekly transportation/subsistence allowance form to receive a payment. According to program requirements, the participant must have their instructor sign the form to verify they attended class on the days for which they submitted reimbursement.

The Departmental process is for one employee to maintain a tracking spreadsheet that shows the preapproved daily mileage amount. This tracking spreadsheet is updated regularly and participants are removed when they are no longer eligible. When a participant submits a transportation/subsistence allowance form it is sent to this employee for review. The employee is responsible for comparing the reimbursement request to the tracking spreadsheet to ensure the amount requested was accurate. They also must review to ensure the form was signed by the participant's instructor.

The Department spent approximately \$8.5 million in federal program funds in fiscal year 2014 with approximately \$700,000 paid directly to participants for transportation costs.

### **Description of Condition**

The Department did not have adequate internal controls to ensure transportation reimbursement payments were allowable and for the proper amounts.

We tested 40 payments totaling \$6,106 for transportation reimbursements and found that in 20 instances the Department's internal controls did not function as intended. Specifically:

- Eleven reimbursements did not match the approved amount on the tracking spreadsheet or the participant was not on the spreadsheet.
- Four reimbursements were not supported by transportation/subsistence allowance form and therefore the required instructor's signatures were missing.
- Five reimbursements were missing from the tracking spreadsheet and were not supported by transportation/subsistence allowance forms.

Additionally, 14 of the payments we tested were not adequately supported. We found:

- Seven instances when there was no supporting documentation to verify if payments were accurate and allowable,
- Five payments were calculated incorrectly and not detected.
- Two payments lacked adequate documentation and included incorrect calculations.

### **Cause of Condition**

Management did not adequately monitor or review the work of Department staff and does not have written policies or procedures in place to ensure transportation reimbursements are allowable and calculated accurately.

The Department is not keeping the documentation required to support payments. The Department stated the reason supporting documentation was missing in some cases is they destroyed the Transportation/Subsistence Allowance forms after payments were entered into its payment system instead of retaining them as required by federal regulations and state law. The tracking spreadsheet used to monitor payments is updated regularly, with participants removed when they are no longer eligible. Therefore, no historical records are maintained. Due to the lack of supporting documentation we were unable to determine where in the review process the breakdown in internal controls occurred for each payment.

We consider these internal control weaknesses to be a significant deficiency.

### **Effect of Condition and Question Costs**

Without adequate internal controls in place, the Department risks making unallowable payments with federal funds and cannot ensure reimbursements for transportation to

participants are accurate. The Department paid \$1,544 to participants that was either not allowable or unsupported. Because we used a statistical sampling method to select transactions for testing, we estimate the amount of likely questioned costs to be \$159,560.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support an expenditure.

### **Recommendation**

We recommend the Department establish and follow written policies and procedures sufficient to ensure transportation payments to participants are accurate and allowable. We recommend these procedures include the retention of supporting documentation in accordance with state and federal laws and regulations and a secondary review or other form of management oversight.

### **Department's Response**

*The Employment Security Department appreciates the feedback received from the State Auditor's Office and agrees with their recommendations. The following actions will be taken to improve the program and to ensure that transportation payments to participants are accurate and allowable:*

- *Establishing written policies and procedures to address program requirements.*
- *Initiated a separation of duties and verification of documented information. One individual will enter the obligation in the case management system and participant tracing spreadsheet and a second individual will verify information entered is accurate and complete.*
- *All payment supporting documentation will be scanned and documented to meet the Federal and State's record retention guidelines.*
- *One individual will enter the payment information and another individual will verify the payment before delivering payment batch to vendor payment unit.*
- *The department will create new internal control procedures that will be reviewed and monitored by management on an ongoing basis*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

Section 300

The auditee shall:

- (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.

Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

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Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

OMB Circular A-87 states in part:

General Principles for Determining Allowable Costs

**C. *Basic Guidelines***

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - j. Be adequately documented.

The Washington State Office of Financial Management's State Administrative & Accounting Manual (SAAM), states in part:

Section 20.15.40

There are five interrelated components of an internal control framework: control environment, risk assessment, control activities, information and communication, and monitoring. These components make up the minimum level of internal control an agency needs to have in place and are the basis against which internal control is evaluated.

To implement the framework, management develops the detailed policies, procedures, and practices to fit their agency's operations, and ensures that they are built into and are an integral part of operations. If an agency considers the framework components in its planning efforts and builds them into its daily processes, the agency will be poised to achieve the maximum benefit for the lowest cost.

Section 20.15.40.c

Control activities help ensure risk responses are effectively carried out and include policies and procedures, manual and automated tools, approvals, authorizations, verifications, reconciliations, security over assets, and segregation of duties. These

activities occur across an agency, at all levels and in all functions, and are designed to help prevent or reduce the risk that agency objectives will not be achieved.

## Revised Code of Washington (RCW)

### Section 40.14.060: Destruction, disposition of official public records or office files and memoranda – Record Retention Schedules

- (1) Any destruction of official public records shall be pursuant to a schedule approved under RCW 40.14.050. Official public records shall not be destroyed unless:
  - (a) Except as provided under RCW 40.14.070(2)(b), the records are six or more years old; or
  - (c) The originals of official public records less than six years old have been copied or reproduced by any photographic or other process approved by the state archivist which accurately reproduces or forms a durable medium for so reproducing the original.

## State Government General Records Retention Schedule (SGGRRS) Version 5.1 (August 2011)

### 3.4 GRANTS MANAGEMENT

The function relating to the administration of grants either issues by the state or received by state agencies. Records include grant applications, grantor and grantee correspondence and official responses, grant contacts, fiscal records, reports, administrative correspondence, grant products, and other related records.

#### DESCRIPTION OF RECORDS

##### Grants Received by State Agencies (GS 23004)

Documentation of grant projects and funds received and expended by state agencies. May include copies of Requests for Proposals (RFPs), applications, notifications of grant awards, fiscal reports and supporting documentation, reports and correspondence related to grant monitoring, audit reports, status reports, compliance reports, grants modifications requests, progress reports and final reports.

#### Retention and Disposition Action

Retain for 6 years after end of grant period then destroy.

**2014-009**                    **The Employment Security Department does not have adequate internal controls to ensure only eligible participants of the Trade Adjustment Assistance program receive services and benefits.**

<b>Federal Awarding Agency:</b>	U.S. Department of Labor
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	17.245    Trade Adjustment Assistance
<b>Federal Award Number:</b>	TA-24376-13-55-A-53 TA-22690-12-55-A-53 TA-21249-11-55-A-53
<b>Applicable Compliance Component:</b>	Eligibility
<b>Questioned Cost Amount:</b>	None

## **Background**

The Employment Security Department administers the Trade Adjustment Assistance grant to assist eligible workers who are unemployed because of international trade. The United States Department of Labor certifies companies where foreign trade was a cause of the worker's job loss or threat of job loss. Once a company is certified, the Employment Security Department is responsible for determining what training and education services and benefits each employee is eligible for, how long they are eligible to receive these benefits and how much they are allowed to receive. The Department may also use federal grant funds to provide reimbursement for transportation costs.

To be determined eligible to receive services and benefits, an employee must have worked for the certified company for one day in a three year time period covering one year prior to certification through two years after. Applicants can submit a request for determination form to be considered for participation. These forms are sent to Department headquarters where an employee reviews them, makes a determination as to whether the applicant is eligible and enters the information into the participant management system. Once a participant is determined to be eligible to receive Trade Adjustment Assistance they can apply to receive the individual benefits that the program offers. Individual work source counselors that rely on the initial information entered at headquarters will determine what services or benefits they can receive, the amount they are eligible to receive and for how long they can receive the services.

The Department spent approximately \$8.5 million in federal program funds in fiscal year 2014 with approximately \$6.7 million paid for benefits and client services.

## **Description of Condition**

We found the Department did not have adequate internal controls to ensure only eligible participants receive Trade Adjustment Assistance. One employee had the authority to determine eligibility of all applicants and was also responsible for entering all participant

information into the participant management system. There was no secondary review of the information that was entered into this system to verify the accuracy of the information and that only eligible participants were entered.

### **Cause of Condition**

The Department did not have written policies and procedures in place to ensure only eligible participants receive services and benefits. Additionally, management did not sufficiently monitor or review the work of Department staff to ensure that it was accurate and complete and did not establish segregation of duties. The Department stated insufficient staffing was the primary reason for the lack of a secondary review.

We consider these control weaknesses to be a significant deficiency.

### **Effect of Condition**

By not monitoring to ensure eligibility determinations are made properly, the Department risks providing services to ineligible participants. This could lead to federal funds being used to pay for benefits and services for ineligible participants and could put the Departments at risk the federal grantor will take actions that could adversely affect the program and/or the program funding.

### **Recommendation**

We recommend the Department establish and follow written policies and procedures sufficient to ensure that only eligible participants receive services and benefits. We recommend these procedures include a secondary review, or other form of managerial oversight, to ensure compliance with federal requirements.

### **Department's Response**

*The Employment Security Department appreciates the feedback received from the State Auditor's Office and agrees with their recommendations. The following actions will be taken to improve the program and to ensure that only eligible participants receive services and benefits:*

- *Establishing written policies and procedures to address program requirements.*
- *Implemented a new process to ensure that only eligible participants receive the benefits*
- *Initiated separation of duties, by establishing one individual to determine the eligibility for benefits using the General Unemployment Insurance Design Effort (GUIDE) system with second individual entering information into the Case Management System.*
- *Increased managerial oversight to ensure program compliance.*
- *The department will create new internal control procedures that will be reviewed and monitored by management on an ongoing basis.*



## Auditor's Concluding Remarks

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Washington State Office of Financial Management's State Administrative & Accounting Manual (SAAM), states in part:

#### Section 20.15.40

There are five interrelated components of an internal control framework: control environment, risk assessment, control activities, information and communication, and monitoring. These components make up the minimum level of internal control an agency needs to have in place and are the basis against which internal control is evaluated.

To implement the framework, management develops the detailed policies, procedures, and practices to fit their agency's operations, and ensures that they are built into and are an integral part of operations. If an agency considers the framework components in its planning efforts and builds them into its daily processes, the agency will be poised to achieve the maximum benefit for the lowest cost.

#### Section 20.15.40.c

Control activities help ensure risk responses are effectively carried out and include policies and procedures, manual and automated tools, approvals, authorizations, verifications, reconciliations, security over assets, and segregation of duties. These

activities occur across an agency, at all levels and in all functions, and are designed to help prevent or reduce the risk that agency objectives will not be achieved.

OMB Circular A-133 Compliance Supplement, part 4 information for the Trade Adjustment Assistance Program, states in part:

E. Eligibility

1. Eligibility for Individuals

a. *Department of Labor Certification and Qualifying Separations*

TAA – In order to be eligible for training and other reemployment services under the TAA program, an individual must be an adversely affected worker covered under a DOL certification, and have a qualifying separation which occurred (i) on or after the impact date specified in the certification as the beginning of the import caused unemployment or underemployment ,and (ii) before the expiration of the 2-year period beginning on the date on which the Secretary of Labor issued the certification for his or her group or, if earlier, before the termination date, if any, specified in the certification (19 USC 2272; 29 CFR section 90.16).

b. *Training*

Under the Trade Act of 2002, workers must be enrolled in their approved training within 8 weeks of the issuance of the certification or within 16 weeks of their most recent qualifying separation, whichever is later, unless this requirement is waived prior to reaching those deadlines (19 USC 2291(a)(5)(A) and (c)).

Under the Trade Act of 2009 or 2011, workers must be enrolled in their approved training within 26 weeks of the issuance of the certification or their most recent qualifying separation, whichever is later, unless this requirement is waived prior to reaching those deadlines (19 USC 2291(a)(5)(A)(II) and (c)), as amended by Section 1801(a), ARRA, 123 Stat 375 and 376)

c. *Maximum Number of Weeks for Receipt of Approved Training*

Under the Trade Act of 2002, the maximum duration for any approvable training program is 130 weeks, and no individual shall be entitled to more than one training program under a single certification (19 USC 2293(a)).

Under the Trade Act of 2009, the maximum duration for any approvable training program is 156 weeks and no individual shall be entitled to more than one training program under a single certification (19 USC 2293(a), as amended by Section 1823, ARRA, 123 Stat 377 and 378).

Under the Trade Act of 2011, the maximum duration for any approvable training program is 130 weeks and no individual shall be entitled to more than one training program under a single certification (19 USC 2293(a) as amended by Section 213 of Pub. L. No. 112-40).

**The Department of Transportation does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Highway Planning and Construction grant program are filed accurately.**

## Background

The Department of Transportation spent approximately \$840 million in Highway Planning and Construction funds during fiscal year 2014, of which \$264 million was distributed to subrecipients.

In fiscal year 2014, the Department executed 972 awards to subrecipients. Of those subawards, 488 awards, totaling approximately \$274 million, had obligation amounts which required reporting under the Accountability Act.

## **Description of Condition**

The Department does not have adequate internal controls in place to ensure that Accountability Act reports are filed correctly for subawards or amendments using federal funds, resulting in the Department reporting both state administered contract awards as well as subawards to local agencies when only subawards are required to be reported.

We found the Department improperly reported 455 Federal-aid contracts which should not have been reported under the Accountability Act. In total, approximately \$528 million was over reported by the Department.

## **Cause of Condition**

The Department did not have adequate policies and procedures in place to ensure it complied with Accountability Act reporting requirements.

The over reported awards were the result of staff in a division that does not make subawards not understanding the reporting requirements. Department management stated the contracts issued by this division were determined to be reportable when the Accountability Act was first enacted. The reporting in this division was not subject to an independent review or managerial oversight.

We consider these control deficiencies to constitute a material weakness.

## **Effect of Condition**

By not correctly submitting the required reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Department for noncompliance, suspending or terminating the award and withholding future awards.

## **Recommendation**

We recommend the Department establish policies and procedures to ensure all Accountability Act reports are submitted accurately. We further recommend that a secondary review is conducted prior to reports being submitted.

## **Department's Response**

*Thank you for the opportunity to respond to the draft finding for the Washington State Department of Transportation (WSDOT), as part of the 2014 Statewide Single Audit (SWSA). The Department values an independent review of its operations including adherence to federal laws and regulations.*

*As indicated in the finding, WSDOT reported 455 Federal-aid contracts which should not have been reported under the Federal Funding Accountability and Transparency Act finding (FFATA). Since being informed of this situation, WSDOT has discontinued the reporting of*

*these Federal-aid contracts not sub-awarded to other local governments or entities. In addition, the WSDOT office responsible to track these Federal-aid contracts, is putting processes in place whereby they will confer with the grantor should questions on proper accountability reporting arise and document their decisions. Given the lack of clarity in reporting requirements when they first took effect, WSDOT chose to report the Federal-aid contracts, presuming reporting would serve the tax payers better than having not reported these contracts.*

*We appreciate the assistance from your staff and look forward to continuing our working relationship based on a high level of professional standards.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 2, Code of Federal Regulations, APPENDIX A TO PART 170—AWARD TERM, states, in part:

- I. Reporting Subawards and Executive Compensation.
  - a. Reporting of first-tier subawards.
    1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111–5) for a subaward to an entity (see definitions in paragraph e. of this award term).
    2. Where and when to report.

- i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
  - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.



**2014-011**                    **The Department of Health does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Drinking Water State Revolving Fund are filed correctly.**

<b>Federal Awarding Agency:</b>	Environmental Protection Agency
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	66.468     Capitalization Grants for Drinking Water State Revolving Funds
	66.483     Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Drinking Water State Revolving Funds
<b>Federal Award Number:</b>	FS-99083913-0
<b>Applicable Compliance Component:</b>	Reporting
<b>Questioned Cost Amount:</b>	None

## **Background**

Capitalization grants are awarded to states to create and maintain Drinking Water State Revolving Fund programs. States can use the grant funds to establish a revolving loan fund to assist public water systems finance the costs of infrastructure needed to achieve or maintain compliance with Safe Drinking Water Act requirements and protect the public health objectives of the Act. The Drinking Water State Revolving Fund can be used to provide loans and other types of financial assistance for publicly owned community water systems, privately owned community water systems and non-profit/non-community water systems. States may also set aside certain percentages of their capitalization grant or allotment for various activities that promote source water protection and enhance water systems management.

The Department of Health is responsible for collecting loan applications and determining which water districts are eligible to receive funding. They are also responsible for submitting reports required by the federal government. The Department of Commerce manages the contracts once they have been executed to ensure water districts follow grant guidelines. They also send the Department of Health information needed to submit the federally required reports.

The Department of Health spent almost \$55.8 million in federal funds in fiscal year 2014, of which over \$50 million was distributed to subrecipients.

Under the Federal Funding Accountability and Transparency Act, the Department is required to collect and report information on each subaward or amendment of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System. The reporting must be done by the end of the month following the month in which the subaward was made. The intent of the Accountability Act is to hold governments

accountable for spending decisions and to reduce wasteful spending. The Environmental Protection Agency requires the Department to report 69 percent of the final federal grant amount, which is the amount that is actually used to fund Drinking Water contracts. If the subawards during a fiscal year equal more than the federal reportable amount, they are required to report up to the reportable amount and not over.

### **Description of Condition**

The Department of Health did not have adequate internal controls in place to ensure the fiscal year 2014 Accountability Act reports were filed correctly. The Departmental process was for the Department of Commerce to select contracts that should be submitted for the Accountability Act as they are executed. The selected contract information was then sent to Department of Health staff to be entered and submitted. The Department of Health did not verify the accuracy of the information provided by the Department of Commerce before submitting the Accountability Act reports.

### **Cause of Condition**

The Department of Health did not have adequate written policies and procedures in place to ensure reports were filed accurately. The employee responsible for submitting the Accountability Act report was not aware of the total amount of the federal award that was supposed to be reported. Additionally, management did not monitor or review the work of Department staff to ensure reports were filed accurately.

We consider these internal control weaknesses to be a material weakness.

### **Effect of Condition**

The Department of Health should have reported four subawards totaling \$14,834,310 for fiscal year 2014, but only reported \$13,621,220. One of the subawards was under reported by \$1,213,090.

By not correctly submitting the required Accountability Act reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Department for noncompliance, including suspending or terminating the award or withholding future awards.

### **Recommendation**

We recommend that the Department establish written policies and procedures over the selection and reporting of subawards. We further recommend that a secondary review be conducted of reports and that the Department verifies the accuracy of the subaward information.

## **Department's Response**

*The Department concurs with the finding.*

*In January 2015, the Department amended the FFATA reporting for grant award #FS99083913, adding \$1,213,090 in sub-awards.*

*The Department has also revised its written FFATA reporting procedures for the Drinking Water State Revolving Fund grants. These revised procedures include a secondary review conducted by the Drinking Water Budget and Performance Accounting Section Manager after receiving the information from the Department of Commerce.*

*Once the secondary review is complete, the reports will be forwarded to the Central Administration Grants Unit for input into the Federal FFATA reporting system. The FFATA input will be reviewed and approved by a Grants Unit Supervisor prior to submittal to the Federal FFATA reporting system.*

## **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and

material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

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Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Administrative Conditions for Grant #FS-99083913-0 include, in part:

16. Subaward Reporting and Executive Compensation

- a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in

Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e of this award term).

2. Where and when to report.
  - i. You must report each obligating action described in paragraph a.1. of this award term to [www.fsrs.gov](http://www.fsrs.gov).
  - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at [www.fsrs.gov](http://www.fsrs.gov) specify.

**2014-012                    The Workforce Training and Education Coordinating Board did not have adequate internal controls to ensure it meets federal level of effort requirements for the Career and Technical Education Grant.**

<b>Federal Awarding Agency:</b>	U.S. Department of Education
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	84.048     Career and Technical Education – Basic Grants to States (Perkins IV)
<b>Federal Award Number:</b>	V048A130047, V048A120047, V048A110047
<b>Applicable Compliance Component:</b>	Level of Effort
<b>Questioned Cost Amount:</b>	None

## **Background**

The Workforce Training and Education Coordinating Board administers the Career and Technical Education – Basic Grants to States (Perkins IV). The federal grant provides funds for programs that offer courses of study to ensure students are career ready. The Board provides federal funds to high schools and skills centers through the Office of Superintendent of Public Instruction and to colleges through the State Board for Community and Technical Colleges. The Career and Technical Education Grant focuses on the academic achievement of career and technical education students, strengthens the connections between secondary and postsecondary education, and improves state and local accountability.

The Board spent approximately \$19.5 million in Career and Technical Education funds in fiscal year 2014.

The grant states that the Board must meet general and administrative level of effort requirements. To meet the administrative level of effort requirement, a state must provide from non-federal sources an amount that is not less than the amount provided by the state from non-federal sources for the preceding fiscal or program year. The Board is responsible for tracking the administrative level of effort.

## **Description of Condition**

The Board did not have adequate internal controls in place to ensure that administrative level of effort requirements were met. During our fieldwork, Board staff did not track administrative level of effort and could not inform us how it was tracked in the past.

## **Cause of Condition**

Management stated one staff member was previously responsible for tracking the administrative level of effort for all three agencies to ensure that the total level of effort was met each year. When this staff member left the Board during the audit period, it did not

assign anyone to take over this duty. The Board also did not have written policies and procedures in place to ensure that staff accurately tracked level of effort.

We consider these internal control weaknesses to constitute a significant deficiency.

### **Effect of Condition**

By not properly tracking and documenting that level of effort requirements are being met, the Board cannot be sure it was in compliance with this requirement for the Career and Technical Education grant.

### **Recommendation**

We recommend the Board establish and follow written policies and procedures to ensure the accurate tracking of administrative level of effort for agencies that receive Career and Technical Education funding.

### **Board's Response**

*The Workforce Training and Education Coordinating Board (Workforce Board) in partnership with the State Board for Community and Technical Colleges (SBCTC) and the Office of Superintendent of Public Instruction (OSPI), will identify and analyze options to incorporate maintenance of effort and administrative matching funds review semi-annually during state fiscal year.*

*The Workforce Board has established agency guidelines related to maintenance of effort determination, and will require the collection of maintenance of effort data and certification from its subaward recipients each calendar quarter instead of the historical annual review. In addition to the maintenance of effort, data collection and certification will include the subaward recipients' reporting of the nonfederal matching funds required for grant administration.*

*The Workforce Board recognizes the significance and the priority of internal controls over the analysis and certification of maintenance of effort, and the reporting of matching funds in a timely manner, allowing ample time for any necessary corrective action.*

### **Auditor's Concluding Remarks**

We thank the Board for its cooperation and assistance throughout the audit. We will review the status of the Board's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

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Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In



this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

U.S. Code Title 20 § 2413. State administrative costs.

(a) General rule

Except as provided in subsection (b), for each fiscal year for which an eligible agency receives assistance under this chapter, the eligible agency shall provide, from non-Federal sources for the costs the eligible agency incurs for the administration of programs under this chapter, an amount that is not less than the amount provided by the eligible agency from non-Federal sources for such costs for the preceding fiscal year.

**2014-013**                      **The Workforce Training and Education Coordinating Board does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed.**

<b>Federal Awarding Agency:</b>	U.S. Department of Education
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	84.048      Career and Technical Education – Basic Grants to States (Perkins IV)
<b>Federal Award Number:</b>	V048A130047, V048A120047, V048A110047
<b>Applicable Compliance Component:</b>	Reporting
<b>Questioned Cost Amount:</b>	None

## **Background**

The Workforce Training and Education Coordinating Board administers the Career and Technical Education – Basic Grants to States (Perkins IV). The federal grant provides funds for programs that offer courses of study to ensure students are career ready. The Board provides federal funds to high schools and skills centers through the Office of Superintendent of Public Instruction and to colleges through the State Board for Community and Technical Colleges. The Career and Technical Education Grant focuses on the academic achievement of career and technical education students, strengthens the connections between secondary and postsecondary education, and improves state and local accountability.

The Board spent approximately \$19.5 million in Career and Technical Education funds in fiscal year 2014, of which \$7.5 was distributed to subrecipients.

During fiscal year 2014, \$6,971,439 in new subawards was granted to 90 local school districts by the Office of Superintendent of Public Instruction. The Office was the only agency that made subawards with the federal grant funds during fiscal year 2014.

Under the Federal Funding Accountability and Transparency Act (Accountability Act), the Board is required to collect and report information on each subaward or amendment of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). The reporting must be done by the end of the month following the month in which the subaward was made. The intent of the Accountability Act is to empower citizens with the ability to hold the government accountable for spending decisions and, as a result, reduce wasteful spending in the government.

## **Description of Condition**

The Board did not have adequate internal controls in place to ensure the fiscal year 2014 Accountability Act reports were filed correctly for subawards made using federal funds. The Board did not report 90 subawards totaling \$6,971,439 for fiscal year 2014.

### **Cause of Condition**

Board staff was not aware that subawards and amendments of \$25,000 or more needed to be reported in the Accountability Act reporting system. This requirement is specified in the grant agreement, but the staff that oversee the program had not read the agreement in its entirety.

We consider these internal control weaknesses to constitute a material weakness.

### **Effect of Condition**

By not correctly submitting the required reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Board for noncompliance, suspending or terminating the award, and withholding future awards.

### **Recommendation**

We recommend the Board establish and follow written policies and procedures to ensure all Accountability Act reports are submitted as required. We further recommend the Board ensure all federal grant award terms and conditions are reviewed to ensure the Board is aware of all federal grant requirements.

### **Board's Response**

*The Workforce Training and Education Coordinating Board (Workforce Board) as the prime awardee, has established processes to record each subaward executed and to determine whether the subaward is reportable in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Beginning in December 2014, the agency, in Partnership with the Office of Superintendent of Public Instruction (OSPI), developed its planned FSRS reporting process to include maintaining a copy of each report filed. The agency will add a quarterly review of all new subawards executed each quarter in order to provide an additional review for FFATA applicability. In addition, the agency will add a secondary review of draft FSRS reports each quarter before submitting the reports to ensure all information has been entered accurately.*

### **Auditor's Concluding Remarks**

We thank the Board for its cooperation and assistance throughout the audit. We will review the status of the Board's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 2, Code of Federal Regulations, APPENDIX A TO PART 170—AWARD TERM, states, in part:

I. Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111–5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. Where and when to report.
  - i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
  - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

**2014-014                      The Department of Early Learning did not have adequate internal controls to ensure subrecipients that spend \$500,000 or more in federal dollars obtain required audits.**

<b>Federal Awarding Agency:</b>	U.S. Department of Education
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	84.412     Race to the Top - Early Learning Challenge
<b>Federal Award Number:</b>	S412A120035
<b>Applicable Compliance Component:</b>	Subrecipient Monitoring
<b>Questioned Cost Amount:</b>	None

## **Background**

The Washington state Department of Early Learning administers the Race to the Top - Early Learning Challenge (RTT) program. The RTT grant aids to improve the quality of early childhood programs and to close the achievement gap for high-need children.

Federal regulations require the Department of Early Learning to monitor the grant-funded activities of subrecipients. This includes ensuring organizations that spend \$500,000 or more in federal grant money during a fiscal year receive an audit of expenditures and internal controls over that money, in accordance with the federal Office of Management and Budget Circular A-133. This requirement is designed to ensure grant money is used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements. Grant recipients must submit the results of these audits to a federal clearinghouse within nine months of their fiscal year end.

The Department spent approximately \$12.8 million in RTT - Early Learning Challenge funds in fiscal year 2014 with approximately \$6.4 million going to subrecipients.

## **Description of Condition**

The Department has no process in place to monitor whether its subrecipients need an audit. During the audit period the Department received audit reports from two of their subrecipients. Staff reviewed these audits to determine if any audit findings were issued that might affect RTT funds. However, the Department had six other subrecipients and was not aware of whether any of them required an audit. By independently accessing the federal clearinghouse we determined that one of the subrecipients did have an audit, but did not report the receipt of RTT funds.

## **Cause of Condition**

The Department has no policies or procedures in place to ensure subrecipients receive required audits. The responsibility to perform this function was not clearly assigned to a

specific unit or individual and management did not provide sufficient oversight to ensure this requirement was met.

We consider these internal control weaknesses to constitute a material weakness.

### **Effect of Condition**

The Department cannot be certain whether all of its subrecipients who met the threshold for an A-133 audit complied with federal grant requirements and therefore cannot ensure it has met the monitoring requirements of its federal grantor.

### **Recommendation**

We recommend the Department develop and follow policies and procedures to ensure all subrecipients receive required audits.

### **Department's Response**

*The Department of Early Learning (DEL) appreciates the Washington State Auditor's (SAO) work regarding the internal controls over subrecipients A-133 audit compliance. DEL concurs with the auditor's findings.*

*DEL lacked clear communication to program staff on their requirement for tracking A-133 audits and the Finance Division did not have a process in place to ensure that program staff was meeting their obligations*

*DEL has begun the process of updating policies and procedures for identifying grantees who may meet the threshold for A-133 audit requirements. To address the finding DEL is working on adding additional functionality in the Integrated Contact Information System (ICIS) to assist in tracking of subrecipients of federal funds who require an A-133 audit. In addition, DEL will also contact grantees who are under the threshold, but may receive federal funds from other sources. DEL will establish communication of audit report due dates to contractors and track the information. All communications will be tracked by Program Staff and the Federal Grants Manager in the Finance Division.*

*DEL will provide training to all grants program staff and finance staff on the policies and procedures for subrecipient A-133 audit compliance. Any new requirements will be properly communicated with applicable agency staff. The Federal Grants Manager is responsible for the A-133 audit compliance and will provide a quarterly report to the Internal Control Officer updating the status of A-133 audit compliance and tracking, staff training, and any policy and procedure changes.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### **Section 300**

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section .400(d) - Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
- (6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.
- (7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal



control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe

than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**2014-015**                      **The Department of Early Learning does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed accurately for the Race to the Top-Early Learning Challenge and Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting programs.**

<b>Federal Awarding Agencies:</b>	U.S. Department of Education U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Numbers and Titles:</b>	84.412      Race to the Top-Early Learning Challenge 93.505      Affordable Care Act - Maternal, Infant, and Early Childhood Home Visiting Program Formula, Expansion, and Development Grants to States
<b>Federal Award Numbers:</b>	D89MC23536; X02MC23096; S412A120035
<b>Applicable Compliance Component:</b>	Reporting
<b>Questioned Cost Amount:</b>	None

## **Background**

The Washington state Department of Early Learning administers the Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program and the Race to the Top-Early Learning Challenge (RTT) program. The MIECHV program supports and strengthens cooperation and coordination and promotes linkages among various programs that serve pregnant women, expectant fathers, young children, and families in tribal communities and result in high-quality, comprehensive early childhood systems in every community. The Race to the Top- Early Learning Challenge grant aids to improve and develop early learning programs for children.

The Department spent approximately \$7.5 million in MIECHV funds in fiscal year 2014 and made one subaward for approximately \$8.7 million. The Department spent approximately \$12.8 million in RTT-Early Learning Challenge funds in fiscal year 2014 and made 15 subawards totaling approximately \$13 million.

Under the Federal Funding Accountability and Transparency Act (Accountability Act), the Department is required to collect and report information on each subaward or amendment of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). The reporting must be done by the end of the month following the month in which the subaward was made. The intent of the Accountability Act is to empower citizens with the ability to hold the government accountable for spending decisions and, as a result, reduce wasteful spending in the government.

## **Description of Condition**

We found the Department did not have adequate internal controls in place to ensure the fiscal year 2014 Accountability Act reports were filed correctly for subawards made using MIECHV and RTT program funds.

The Department reported four contracts totaling \$447,200 that should not have been reported because they were not subawards.

For the RTT program, the Department was unable to demonstrate it reported any of the 15 subrecipient awards, totaling \$13,020,593 during fiscal year 2014. The information in the FSR system showed all reports were filed after the audit period and the Department was unable to provide documentation showing the reports were filed prior to June 30, 2014.

## **Cause of Condition**

The Department did not have policies and procedures to ensure it complied with Accountability Act reporting requirements.

The Department had one employee assigned to file the required reports. This employee was not aware of proper Accountability Act reporting requirements. There was no independent review or management oversight of the employee's work to verify reports were being filed completely and accurately.

We consider these control deficiencies to constitute a material weakness.

## **Effect of Condition**

By not correctly submitting the required reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Department for noncompliance, suspending or terminating the award and withholding future awards.

## **Recommendation**

We recommend the Department establish policies and procedures to ensure all Accountability Act reports are submitted accurately. We further recommend that a secondary review is conducted prior to reports being submitted.

## **Department's Response**

*The Department of Early Learning (DEL) appreciates the Washington State Auditor's (SAO) work regarding the internal controls over the agency's Federal Funding Accountability and Transparency Reporting. DEL concurs with the MIECHV portion of the auditor's findings regarding these reports.*

*The RTT grant was issued by the Department of Education under the incorrect DUNs number for the State of Washington. This was reported to the Department of Education and the RTT grant was revised and available to DEL for reporting in February 2013.*

*The employee responsible acted upon a good faith effort and reported the RTT program in the FSRS system starting February 25, 2013. The employee used the revise/reopen report function in the system and provided the information as a running total for the program year. For FY14 the employee used the copy report function in FSRS to create a new report. The employee then continued to revise the report as needed based on the understanding of the reporting requirements for FFATA. The FSRS system shows that the report was revised/reopened for FY14 on September 5<sup>th</sup>, December 17<sup>th</sup>, January 6<sup>th</sup>, February 12<sup>th</sup>, and May 23<sup>rd</sup>. The employee did not print copies of the reports because FSRS showed when the reports were updated.*

*Upon notification of the improper reporting per SAO, DEL established a detailed procedure to assist employees with FFATA reporting. DEL has also assigned an additional employee to FFATA reporting and implemented a review process by the Comptroller before any reports are released in the system to ensure information is reported accurately. Starting in January 2015 DEL updated the FFATA reporting process to include maintaining Integrated Contact Information System (ICIS) reports of contracts and a pdf copy of the FFATA report filed for each grant.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### **Section 300**

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or

regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 2, Code of Federal Regulations, APPENDIX A TO PART 170—AWARD TERM, states, in part:

I. Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111–5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. Where and when to report.
  - i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
  - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

**2014-016                    The Department of Health does not have adequate internal controls to ensure it meets federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.069     Public Health Emergency Preparedness 93.889     National Bioterrorism Hospital Preparedness Program
<b>Federal Award Number:</b>	5U90TP000559
<b>Applicable Compliance Component:</b>	Level of Effort
<b>Questioned Cost Amount:</b>	None

## **Background**

The Washington state Department of Health administers the Public Health Emergency Preparedness Program and the National Bioterrorism Hospital Preparedness Program. These federal grants enhance the ability of hospitals and health care systems to prepare for and respond to public health emergencies.

The Department distributes money to hospitals, outpatient facilities, tribes, health centers, poison control centers, emergency management services and others. These entities oversee training, meetings, purchasing of supplies and equipment and generate reports on the program. The Department spent approximately \$11.8 million in Public Health Emergency Preparedness funds and \$7.1 million in Hospital Preparedness Program funds in fiscal year 2014.

Under the Public Health Emergency Preparedness grant, the Department is required to maintain state-funded public health security spending at a level that is at least equal to the average of the previous two years spending. The Department is also required to maintain state-funded healthcare preparedness spending at a level that is at least equal to the average of the previous two years spending for the Hospital Preparedness grant.

The recipient of grant funds acknowledges acceptance of the award terms and conditions when it draws funds through the grant payment system. If the recipient does not agree with the terms of the award, they are required to notify the Grants Management Officer.

We reported findings in our fiscal year 2011, 2012 and 2013 audits that noted the Department did not have adequate internal controls to ensure it complied with level of effort requirements for either grant program. These were previously reported as finding numbers 11-20, 12-21, and 2013-012.



## **Description of Condition**

The Department implemented new internal controls at the beginning of the audit period to ensure its level of effort requirements were met. The Department's process was for a staff member to run a quarterly report to track the specific costs used to meet the level of effort requirements. The amounts were then entered into a log and compared to the amount needed to meet federal requirements. The staff member responsible for monitoring the program's level of effort left the program in March, 2014. No other staff member continued the monitoring process for the remainder of the fiscal year.

We also determined the Department knew it would be noncompliant with the level of effort requirements for the National Bioterrorism Hospital Preparedness program before the staff member left the position, but did not inform the grantor as required by the grant terms and conditions.

## **Cause of Condition**

Although the Department implemented internal controls to monitor its level of effort, management did not ensure the process continued when the staff member left the program. The Department did not have written policies and procedures in place to ensure staff accurately tracked its level of effort. There were also no procedures that provided guidance to staff about how to proceed if they would not meet the level of effort requirement.

We consider these internal control weaknesses to constitute a material weakness.

## **Effect of Condition**

We determined that, while the Department met the level of effort requirements for the Public Health Emergency Preparedness program, it was \$114,902 under the requirement for the National Bioterrorism Hospital Preparedness Program. Additionally, by not contacting the federal grantor and informing them that the Department would not meet its level of effort requirement for the year, the Department was not in compliance with its grant agreement.

The grant agreement allows the grantor to take action for noncompliance that can include temporarily withholding funds, wholly or partly suspending or terminating the award and withholding further awards from the program

## **Recommendation**

We recommend the Department establish and follow written policies and procedures to ensure the accurate tracking, documenting and reporting of administrative level of effort. We also recommend the Department inform their grantor when it becomes aware it will be noncompliant with grant requirements

## Department's Response

*We concur with the finding.*

*The Department will establish and follow written policies and procedures for tracking, documenting, and reporting the level of effort.*

*The Department will also consult with its federal grantor to determine the best method for how and when to provide notification in the event that the required level of effort will not be met.*

*Once the Department has received guidance on this matter, it will also be included in the policies and procedures.*

## Auditor's Concluding Remarks

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

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Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Cooperative Agreement number 5U90TP000559 Terms and Conditions states, in Note 27:

**ADDITIONAL REQUIREMENTS:** Successful applicants must comply with the administrative requirements outlined in 45 Code of Federal Regulations (CFR) Part 92, as appropriate....

**2. ACCEPTANCE OF THE TERMS OF AN AWARD:**

By drawing or otherwise obtaining funds from the grant payment system, the recipient acknowledges acceptance of the terms and conditions of the award and is obligated to perform in accordance with the requirements of the award. If the recipient cannot accept the terms, the recipient should notify the Grants Management Officer.

The Department of Health and Human Services Grants Policy Statement states in part:

II: Terms and Conditions of Award - Effect and Order of Precedence

Any waiver or deviations from these terms and conditions must be requested and approved in writing by the Grant Management Officer. OPDIV determination of applicable terms and conditions of award or a GMO's denial of a request to change the terms and conditions is discretionary and not subject to appeal.

A recipient indicates acceptance of an award and its associated terms and conditions by requesting and accepting funds from PMS or the designated HHS payment office for that award. If a recipient cannot accept an award, including the legal obligation to perform in accordance with its provisions, it should notify the GMO immediately upon receipt of the NoA. If resolution cannot be reached, the GMO will void the grant. Once an award is accepted by a recipient, the contents of the NoA are binding on the recipient and the OPDIV unless and until modified by a revised NoA signed by the GMO.

45 Code of Federal Regulations Part 92

Subpart C--Post-award Requirements

Reports, Record Retention, and Enforcement

Sec. 92.43 Enforcement.

- a. Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:
  1. Temporarily withhold cash payments pending correction of the deficiency by the grantee or subgrantee or more severe enforcement action by the awarding agency,
  2. Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance,
  3. Wholly or partly suspend or terminate the current award for the grantee's or subgrantee's program,
  4. Withhold further awards for the program, or
  5. Take other remedies that may be legally available.

**2014-017                    The Department of Health does not have adequate internal controls over, and did not comply with, the Federal Funding Accountability and Transparency Act reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.069     Public Health Emergency Preparedness 93.889     National Bioterrorism Hospital Preparedness Program
<b>Federal Award Number:</b>	U3REP090228, 2U90TP017010, 1U90TP000559, 5U90TP000559
<b>Applicable Compliance Component:</b>	Reporting
<b>Questioned Cost Amount:</b>	None

## **Background**

The Washington state Department of Health administers the Public Health Emergency Preparedness Program and the National Bioterrorism Hospital Preparedness Program. These federal grants enhance the ability of hospitals and health care systems to prepare for and respond to public health emergencies.

The Department distributes money to hospitals, outpatient facilities, tribes, health centers, poison control centers, emergency management services and others. These entities oversee training, meetings, purchasing of supplies and equipment and generate reports on the program. The Department spent approximately \$11.8 million in Public Health Emergency Preparedness funds and \$7.1 million in Hospital Preparedness Program funds in fiscal year 2014.

Under the Federal Funding Accountability and Transparency Act (Accountability Act), the Department is required to collect and report information on each subaward or amendment of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System. The reporting must be done by the end of the month following the month in which the sub-award was made. The intent of the Accountability Act is to empower citizens with the ability to hold the government accountable for spending decisions and, as a result, reduce wasteful spending in the government.

We reported a finding in our fiscal year 2013 audit for subawards not being reported in the Federal Funding Accountability and Transparency Subaward Reporting System. This was reported as finding number 2013-013.

## **Description of Condition**

We found the Department did not have adequate internal controls in place to ensure the fiscal year 2014 Accountability Act reports were filed correctly.

We reviewed 11 subawards, totaling \$5,016,623, and determined four, totaling \$2,747,770, were not reported during the audit period. Additionally, one subaward for \$65,250 was over reported by \$591,000.

## **Cause of Condition**

Although the Department has procedures in place for collecting contractor information that will be submitted on the Accountability Act Report, they do not have written policies or procedures for how to enter and submit the report accurately. The process in place was not adequate to ensure reports were filed accurately. Specifically, the four missing subawards and one improperly reported subaward were not detected by the staff submitting the reports even though the supporting documentation contained the proper information. Additionally, management did not adequately monitor or review work of Department staff to ensure it was accurate and complete.

We consider these internal control weaknesses to constitute a material weakness.

## **Effect of Condition**

By not correctly submitting the required Accountability Act reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Department for noncompliance, suspending or terminating the award, and withholding future awards.

## **Recommendation**

We recommend the Department establish written policies and procedures to ensure all Accountability Act reports are submitted as required. We further recommend that a secondary review is conducted prior to reports being submitted.

## **Department's Response**

*Four subawards were not reported by the Department of Health (DOH) because the federal award did not appear in the FFATA Subgrant Reporting System (FSRS). The federal awards have now been added to the FSRS by the federal awarding agency and the FFATA information submitted in FSRS.*

*This condition existed during the FY13 Single Audit. The State Auditor's Office recommended that the Department send the federal awarding agency an email notifying them when the federal award fails to appear in the FSRS. The Department implemented this recommendation effective January 2014. This effective date is subsequent to the date these four sub-awards were executed.*

*In regards to the one subaward over reported by \$591,000: This was a data input error. An extra digit was inadvertently added to the sub-award amount. This error was not identified prior to the report being submitted in FSRS.*

*It is currently the practice of the Department for the Grants Unit Supervisor to review and approve FFATA data prior to being submitted in FSRS.*

*The Department will update its written procedures for submitting Accountability Act reports, adding additional detail. The procedures will include the review and approval of FFATA data by the Grants Unit Supervisor prior to being submitted in FSRS and the necessary steps for ensuring all FFATA data is submitted in a timely manner.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 2, Code of Federal Regulations, APPENDIX A TO PART 170—AWARD TERM, states, in part:

I. Reporting Sub-awards and Executive Compensation.

a. Reporting of first-tier sub-awards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111–5) for a sub-award to an entity (see definitions in paragraph e. of this award term).
2. Where and when to report.



- i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
  - ii. For sub-award information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

**2014-018**                    **The Department of Social and Health Services does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Substance Abuse and Mental Health Services Projects of Regional Significance programs are filed accurately.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.243    Substance Abuse and Mental Health Services Projects of Regional and National Significance
<b>Federal Award Number:</b>	1U79SP020155-01; 1H79SM060196-01; 5H79SM060196-02; 5H79SM060196-03; 5H79SM060196-04; 1U79TI024265-01; 5U79TI024265-02; 1U79TI023477-01; 5U79TI023477-02; 5U79TI023477-03
<b>Applicable Compliance Component:</b>	Reporting
<b>Questioned Cost Amount:</b>	None

## **Background**

The Department of Social and Health Services, Division of Behavioral Health and Recovery, administers the Substance Abuse and Mental Health Services Projects of Regional and National Significance program. This federal grant program is designed to address priority substance abuse treatment, prevention and mental health needs of regional and national significance. The Department spent approximately \$4.9 million of grant funds during fiscal year 2014.

Under the Federal Funding Accountability and Transparency Act (Accountability Act), the Department is required to collect and report information on each subaward or amendment of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System. The reporting must be done by the end of the month following the month in which the subaward was made. The intent of the Accountability Act is to empower citizens with the ability to hold the government accountable for spending decisions and, as a result, reduce wasteful spending in the government.

During fiscal year 2014 the Department made 39 subawards, totaling \$5,901,671 that were reportable under Accountability Act reporting requirements.

## **Description of Condition**

We found the Department did not have adequate internal controls in place to ensure the fiscal year 2014 Accountability Act reports were filed properly. During fiscal year 2014 the Department awarded 39 subgrants, totaling \$5,901,671 that should have been reported in

accordance with Accountability Act requirements. None of these 39 subgrants were reported. The Department did report four subawards totaling \$115,000, but we determined these were actually contracts and interagency agreements and should not have been reported.

We consider these internal control weaknesses to be a material weakness.

### **Cause of Condition**

The Department did not have adequate written policies and procedures in place to ensure reports were filed accurately. We determined there was no one assigned to submit Accountability Act reports and management was not monitoring to ensure reports were filed.

### **Effect of Condition**

By not correctly submitting the required reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Department for noncompliance, suspending or terminating the award and withholding future awards.

### **Recommendation**

We recommend the Department establish written policies and procedures over the reporting of subawards. We further recommend that management ensure the reports are filed and are accurate and complete.

### **Department's Response**

*The Department concurs with this finding.*

*The Department's Budget and Finance Director for BHSIA will develop policy, procedures and internal controls to collect and report information on each subaward or amendment of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System.*

*The Department's Budget and Finance Director for BHSIA will develop and maintain a tracking methodology and validation procedure to ensure reports are timely and properly filed in accordance with the Federal Funding Accountability and Transparency Act (Accountability Act) of 2006.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

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## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively. ...

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 2, Code of Federal Regulations, APPENDIX A TO PART 170—AWARD TERM, states, in part:

I. Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. Where and when to report.
  - i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
  - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

**2014-019**

**The Department of Social and Health Services does not have adequate internal controls in place to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse and Substance Abuse and Mental Health Services Projects of Regional Significance programs receive required audits.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance
	93.959 Block Grants for Prevention and Treatment of Substance Abuse
<b>Federal Award Number:</b>	2B08TI010056-12; 2B08TI010056-13; 2B08TI010056-14; 1U79SP020155-01; 1H79SM060196-01; 5H79SM060196-02; 5H79SM060196-03; 5H79SM060196-04; 1U79TI024265-01; 5U79TI024265-02; 1U79TI023477-01; 5U79TI023477-02; 5U79TI023477-03
<b>Applicable Compliance Component:</b>	Subrecipient Monitoring
<b>Questioned Cost Amount:</b>	None

## **Background**

The Department of Social and Health Services, Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Department subawards most of the funds to counties, tribes, nonprofit organizations and other state agencies to develop prevention programs and provide treatment and support services. The Department spent almost \$32 million of grant funds during fiscal year 2014. Of this amount, over \$10 million was passed through to 58 subrecipients.

The Department also administers the Substance Abuse and Mental Health Services Projects of Regional Significance. This federal grant program is designed to address priority substance abuse treatment, prevention and mental health needs of regional and national significance. The Department spent approximately \$4.9 million of grant funds during fiscal year 2014. Of this amount, approximately \$1.9 million was passed through to 37 counties, school districts and nonprofit organizations as subrecipients.

Federal regulations require the Department to monitor the grant-funded activities of subrecipients. This includes ensuring organizations that spend \$500,000 or more in federal grant money during a fiscal year receive an audit of expenditures and related internal controls, in accordance with the federal Office of Management and Budget Circular A-133. The

Department is also required to follow up on any findings a subrecipient receives that may affect the federal program. These requirements ensure grant money is used for authorized purposes and within the provisions of contracts or grant agreements. Grant recipients must submit the results of these audits to a federal clearinghouse within nine months of their fiscal year-end.

### **Description of Condition**

The Department does not have adequate internal controls in place to verify:

- Its subrecipients received required audits
- Findings are followed-up on
- Funds received are being reported for audit purposes

During the audit period the Department received audit reports from counties electronically and used a tracking spreadsheet to monitor the results of the audits. We found the Department verified only seven of the 33 counties (21 percent) received a required audit. We found no evidence that the Department verified whether the 25 tribal subrecipients, 4 school districts or 3 nonprofit organizations obtained a required audit.

One of the subrecipients received an audit finding affecting the Block Grants for Prevention and Treatment of Substance Abuse program, but the Department did not follow up as required by federal regulations.

### **Cause of Condition**

The Department had a process in place to track the audits of the counties, but only did so until November of 2013. The employee who performed the duty left their position and no one at the Department continued the process.

The tribal audit reports were not tracked during the audit period because the program staff thought the Department's Office of Indian Policy was receiving and tracking whether required audits were performed. This was not the case and the Office of Indian Policy staff stated it was the responsibility of the program staff to receive and track the audits.

Department management is responsible for establishing internal controls within the program. During the audit period, management had not established adequate internal controls by monitoring to ensure federal requirements were met. We consider this internal control deficiency to be a material weakness.

### **Effect of Condition**

By not verifying its subrecipients obtained required A-133 audits, the Department cannot ensure it complied with federal regulations. Additionally, by not following up on subrecipient findings related to the program, the Department cannot ensure the identified audit issue(s) are resolved.

We determined that while all 33 counties and 25 tribes had A-133 audit reports issued, seven of the tribes did not report having received federal Block Grant funds. Because the Department did not review the A-133 audit reports, they were not aware that their subrecipients were not reporting the Block Grant funding they received. When a subrecipient does not report receiving federal program funds their audit will not include this program and they will therefore not be compliant with federal regulations.

We also determined one county received a finding related to the Block Grant funds received from the Department but the Department did not perform finding follow up as required. Without this finding follow up the Department cannot be sure the subrecipient has corrected the identified problem.

### **Recommendation**

We recommend the Department develop policies and procedures and improve its monitoring of subrecipients by:

- Verifying all required audits occurred.
- Following up on all subrecipient audit findings related to the program.
- Ensuring subrecipients report the federal funds that are received from the Department.

### **Department's Response**

*The Department concurs with this finding.*

*The Department will conduct a review of existing contract's terms to ensure the audits of expenditures and internal controls, per OMB circular A-133, are required in contract language conducted by organizations that spend \$500,000 or more in federal grant money during a fiscal year, including counties, tribes, non-profit organizations and other state agencies.*

*The Department will designate the appropriate staff to be responsible for the development and enforcement of a tracking system of the sub-recipient's required audits and internal controls. As a minimum the system will track:*

- *Name of the subrecipient (i.e., counties, local government, and tribes)*
- *Date(s) of A-133 audit and review of internal controls*
- *Period covered by the audit*
- *Finding(s)*

*The Department will conduct follow-up telephone interviews or on-site visits as appropriate when findings are reported to ensure corrective action plans are followed.*

*The Department's efforts will be coordinated with our Office of Indian Policy to ensure tribal subrecipients properly report the federal funds received from the Department of Social and Health Services.*



## **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section .400(d) - Pass-through entity responsibilities.

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
  - (8) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
  - (9) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
  - (10) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
  - (11) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
  - (12) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
  - (13) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

- (14) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

U.S. Office of Management and Budget Circular A-133, *Compliance Supplement 2014*, Part 3 – Compliance Requirements states in part:

Section M. Subrecipient Monitoring  
Compliance Requirements

A pass-through entity is responsible for:

- *Subrecipient Audits* – (1) Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

**The Department of Social and Health Services did not have adequate internal controls over, and was not compliant with, its required collection of Data Universal Numbering System (DUNS) numbers from subrecipients under the Block Grants for Prevention and Treatment of Substance Abuse and Substance Abuse and Mental Health Services Projects of Regional Significance programs.**

## Background

The Department also administers the Substance Abuse and Mental Health Services Projects of Regional Significance. This federal grant program is designed to address priority substance abuse treatment, prevention and mental health needs of regional and national significance. The Department spent approximately \$4.9 million of grant funds during fiscal year 2014. Of this amount, approximately \$1.9 million was passed through to 37 counties, school districts and nonprofit organizations as subrecipients.

Federal law requires state agencies to obtain a Data Universal Numbering System (DUNS) number from a subrecipient before making a sub-award. DUNS numbers are used to identify

organizations that are receiving funding under grants and cooperative agreements and to provide consistent name and address data for electronic grant application systems.

### **Description of Condition**

Of the Department's 58 Block Grant subrecipients, we determined 31 had contracts that began after July 1, 2013. Block Grant funds awarded for these contracts totaled \$1,728,927. The Department did not collect DUNS numbers from any of these subrecipients.

We determined that the Department's Substance Abuse and Mental Health Services Projects of Regional Significance program gave 42 subawards, to 37 subrecipients, that began after July 1, 2013. These contracts totaled approximately \$5.9 million. The Department did not establish internal controls to ensure DUNS numbers were collected. We randomly selected nine subawards for testing and found the Department did not collect a DUNS number for three of them.

### **Cause of Condition**

Department management was not aware of the requirement to collect DUNS numbers prior to making subawards. Because of this no policies, procedures or other internal controls were in place to ensure the federal requirement was met. We consider this control deficiency to be a material weakness.

### **Effect of Condition**

By not obtaining DUNS numbers from every subrecipient prior to awarding federal funds, the Department cannot ensure public transparency for the money it provides.

### **Recommendation**

We recommend the Department:

- Create policies, procedures and other internal controls sufficient to ensure it obtains DUNS numbers from its subrecipients.
- Provide the necessary training for all employees who are responsible for the collection and documentation of DUNS numbers.
- Monitor the collection of this information to ensure compliance with the requirement.

### **Department's Response**

*The Department concurs with this finding.*

*The Department will develop policy, procedures and internal controls to obtain DUNS numbers from sub-recipients prior to making sub-awards in accordance with 2 CFR, Appendix A to Part 25.*

*The Department will reach-out to our Central Contracting Office in order to request a change to be made on the Department's contractor information database that will allow the system to store DUNS numbers for all registered contractors and sub-recipients. Until such change is done, DUNS numbers will be recorded in the Special Terms and Conditions section of all applicable contracts. The Department will develop the appropriate training and checklists to ensure all employees responsible for collecting and documenting DUNS numbers are aware and comply with 2 CFR, Appendix A to Part 25 requirements.*

*The Department's Budget and Finance Director for BHSIA will develop and maintain policies and procedures to monitor the collection of DUNS numbers and will conduct random checks to ensure compliance.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

## 2 CFR Appendix A to Part 25 – Award Term

### B. *Requirement for Data Universal Numbering System (DUNS) Numbers*

If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.

**2014-021                    The Department of Social and Health Services does not have adequate internal controls to ensure only eligible refugees receive Refugee Cash Assistance.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.566     Refugee and Entrant Assistance – State-Administered Programs
<b>Federal Award Number:</b>	1301WARCMA, 1401WARCMA
<b>Applicable Compliance Component:</b>	Eligibility
<b>Questioned Cost Amount:</b>	\$15,290
<b>Likely Questioned Cost Amount</b>	\$187,235

## **Background**

The Department of Social and Health Services, through their Office of Refugee and Immigrant Assistance, administers the Refugee and Entrant Assistance program. One of the benefits of the program, which is available to qualified applicants, is Refugee Cash Assistance (RCA).

To be eligible to receive cash assistance, applicants must meet all the following requirements:

- Enter the United States with an eligible immigration status
- Provide documents verifying their immigration status and date of arrival into the U.S
- Provide the name of the voluntary agency which resettled the refugee
- Meet income and resource requirements
- Meet work and training requirements
- Be ineligible for other Temporary Assistance for Needy Families (TANF) or Supplemental Social Security Income

The Department is responsible for determining eligibility for all applicants. Department staff at a Community Service Office (CSO) enter the applicant's information into an automated eligibility system that assists in determining what federal programs the applicant is eligible for, including Refugee Cash Assistance (RCA). As a condition for receipt of RCA, a refugee must, unless they meet very limited exemptions, register and participate in employment services. The Department contracts with employment providers to ensure that employability services are available. Case notes are required to be entered in the Department's case management system indicating whether the client adequately met the work and training requirements. Failure to participate in the work and training activities results in the client being ineligible to receive cash assistance.

The Department spent approximately \$11.6 million in federal program funds in fiscal year 2014 with approximately \$1.4 million paid as cash assistance to 1,328 clients.



## **Description of Condition**

We found the Department did not have adequate internal controls to ensure only eligible refugees received cash assistance and to ensure that refugees receiving RCA met the requirements to register and participate in employment services. We reviewed records for 57 randomly selected clients and found:

- Four applicants were improperly approved for benefits because they were eligible to receive TANF. These clients received improper payments totaling \$ 2,420.
- Case files for ten applicants lacked required documentation to evidence that clients registered and participated in employment services. These applicants received improper payments totaling \$12,870.

## **Cause of Condition**

Staff was not adequately monitored to ensure written procedures were followed and information was input accurately in the automated eligibility system. If the information had been input properly, the four clients would have been deemed eligible for TANF prior to being authorized as eligible for refugee cash assistance.

During the audit period, the Department lacked the formal process for staff to consistently track RCA recipients to ensure their registration and participation with employment and training providers. Management did not sufficiently monitor staff to ensure they were verifying client participation in work and training activities.

We consider these internal control weaknesses to be a material weakness.

## **Effect of Condition and Questioned Costs**

Without having adequate internal controls in place, the Department is at a higher risk for approving cash assistance benefits for ineligible clients. This can result in making improper payments with federal funds. We used a statistical sampling method to select clients for review. We estimate the amount of likely questioned costs to be \$187,235.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support a payment.

## **Recommendation**

We recommend the Department establish adequate internal controls to ensure only eligible clients receive refugee cash assistance. We also recommend this include establishing procedures for tracking work and training activities for eligible clients.

## **Department's Response**

*The Department concurs with the overall findings of the State Auditor's Office.*

*The Department agrees that during the audit period, refugees were improperly enrolled in Refugee Cash Assistance (RCA) when they were eligible for and should have been enrolled in TANF. RCA is available for refugees who are ineligible for TANF or other federal benefits for up to eight months after the date of arrival.*

*The Department employs the following controls to ensure that only eligible clients are enrolled in the RCA program:*

- When processing client eligibility, Community Service Division (CSD) staff first determines eligibility for TANF. Refugees who are age 65 or older can be authorized for RCA immediately, but are also referred to receive assistance with applying for Social Security Administration benefits (SSI). If ineligible for TANF or SSI, refugees will receive eight months of RCA.*
- Supervisors audit staff work monthly. These audits consist of full case reviews of probationary staff for which 100% of their case work is audited, as well as ongoing, periodic full case reviews of permanent (non-probationary) staff.*

*The Department will implement additional controls to further ensure RCA program integrity. For instance, the ESA Management Accountability and Performance Statistics Office (EMAPS) will create and deliver a monthly report to the Office of Refugee and Immigrant Assistance (ORIA). This report will show all new RCA cases, which the ORIA staff will review (to ensure eligibility was accurately determined), and take appropriate action, if any.*

*Also, CSD will ensure all staff determining eligibility for the RCA program takes an annual, mandatory training on internal controls and proper enrollment in the RCA program.*

*The Department also agrees it lacked the ability to ensure that refugees receiving RCA registered and participated in employability services. It is important to note that, unlike the four applicants identified in the report as improperly approved for RCA because they were eligible to receive TANF, the ten applicants identified as lacking documentation were ineligible for TANF, and eligible for and properly enrolled in RCA. The Department considers these cases potentially ineligible because of a lack of documentation. ORIA is already implementing improved processes that will track work and training activities for clients receiving RCA.*

## **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

Section 300

The auditee shall:

- b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

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Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

45 CFR section 400.53(a) states in part:

400.53 General eligibility requirements.

(a) Eligibility for refugee cash assistance is limited to those who—

- (1) Are new arrivals who have resided in the U.S. less than the RCA eligibility period determined by the ORR Director in accordance with § 400.211;
- (2) Are ineligible for TANF, SSI, OAA, AB, APTD, and AABD programs;

45 CFR section 400.75(a) states:

400.75 Registration for employment services, participation in employability service programs and targeted assistance programs, going to job interviews, and acceptance of appropriate offers of employment.

(a) As a condition for receipt of refugee cash assistance, a refugee who is not exempt under § 400.76 of this subpart must, except for good cause shown—

- (1) Register with an “appropriate agency providing employment services,” as defined in § 400.71, and within 30 days of receipt of aid participate in the employment services provided by such agency, as defined in § 400.154(a) of this part.
- (2) Go to a job interview which is arranged by the State agency or its designee.
- (3) Accept at any time, from any source, an offer of employment, as determined to be appropriate by the State agency or its designee.

- (4) Participate in any employability service program which provides job or language training in the area in which the refugee resides, which is funded under section 412(c) of the Act, and which is determined to be available and appropriate for that refugee; or if such a program funded under section 412(c) is not available or appropriate in the area in which the refugee resides, any other available and appropriate program in such area.
- (5) Participate in any targeted assistance program in the area in which the refugee resides, which is funded under section 412(c) of the Act, and which is determined to be available and appropriate for that refugee.
- (6) (i) Accept an offer of employment which is determined to be appropriate by the local resettlement agency which was responsible for the initial resettlement of the refugee or by the appropriate State or local employment service;
- (ii) Go to a job interview which is arranged through such agency or service; and
- (iii) Participate in a social service or targeted assistance program which such agency or service determines to be available or appropriate.

Washington Administrative Code 388.466.0150 states:

- (1) What are refugee employment and training services?  
Refugee employment and training services provided to eligible refugees may include information and referral, employment oriented case management, job development, job placement, job retention, wage progression, skills training, on-the-job training, counseling and orientation, English as a second language, and vocational English training.
- (2) Am I required to participate in refugee employment and training services?  
If you are receiving refugee cash assistance (RCA) you are required to participate in refugee employment and training services, unless you are exempt.
- (3) How do I know if I am exempt from mandatory employment and training requirements?
  - (a) You may be exempt from participation in employment and training requirements if:
    - (i) You are needed in the home to personally provide care for your child under three months of age (see WAC [388-310-0300](#));
    - (ii) You are sixty years of age or older.
  - (b) You cannot be exempt from work and training requirements solely because of an inability to communicate in English.
- (4) If I am required to participate, what do I have to do?  
You are required to:
  - (a) Register with your employment service provider;
  - (b) Accept and participate in all employment opportunities, training or referrals, determined appropriate by the department.
- (5) What happens if I do not follow these requirements?  
If you refuse without good reason to cooperate with the requirements, you are subject to the following penalties:

- (a) If you are applying for refugee cash assistance, you will be ineligible for thirty days from the date of your refusal to accept work or training opportunity; or
  - (b) If you are already receiving refugee cash assistance, your cash benefits will be subject to financial penalties.
  - (c) The department will notify your voluntary agency (VOLAG) if financial penalties take place.
- (6) What are the penalties to my grant?
- The penalties to your grant are:
- (a) If the assistance unit includes other individuals as well as yourself, the cash grant is reduced by the sanctioned refugee's amount for three months after the first occurrence. For the second occurrence the financial penalty continues for the remainder of the sanctioned refugee's eight-month eligibility period.
  - (b) If you are the only person in the assistance unit your cash grant is terminated for three months after the first occurrence. For the second occurrence, your grant is terminated for the remainder of your eight-month eligibility period.
- (7) How can I avoid the penalties?
- You can avoid the penalties, if you accept employment or training before the last day of the month in which your cash grant is closed.
- (8) What is considered a good reason for not being able to follow the requirements?
- You have a good reason for not following the requirements if it was not possible for you to stay on the job or to follow through on a required activity due to an event outside of your control. See WAC [388-310-1600\(3\)](#) for examples.

**2014-022                      The Department of Social and Health Services improperly charged grant expenditures prior to the start of the Refugee and Entrant Assistance grant's period of availability.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.566     Refugee and Entrant Assistance – State-Administered Programs
<b>Federal Award Number:</b>	1401WARCMA
<b>Applicable Compliance Component:</b>	Period of Availability
<b>Questioned Cost Amount:</b>	\$54,377

## **Background**

The Department of Social and Health Services, through their Office of Refugee and Immigrant Assistance, administers the Refugee and Entrant Assistance Program. The goal of the Refugee and Entrant Assistance program is to assist in the resettlement of qualified applicants in Washington and to promote self-sufficiency as quickly as possible. This is accomplished by providing social and employment services, as well as financial and medical assistance.

The Department is responsible for administering the funding for refugee services and ensuring grant money is used for costs that are allowable and related to the grant's purpose. Each federal grant specifies a period during which programs costs may be obligated. For the Refugee and Entrant Assistance program the grant period of availability is the same as the federal fiscal year. Payments for costs obligated prior to the starting date of a grant are not allowed without approval by the grantor.

The Department spent approximately \$9.1 million in federal program funds in fiscal year 2014.

## **Description of Condition**

The Department's fiscal year 2014 grant period began on October 1, 2013. We found a total of \$54,377 in expenditures that were obligated in September of 2013, but were charged to the fiscal year 2014 grant. The Department did not have authorization from the grantor to charge these pre-award costs to the grant.

## **Cause of Condition**

Department management stated their understanding is that an obligation is not incurred until payment for services is made. Based on this understanding the Department thought it was allowable to charge these costs to the new grant even though they occurred prior to the grant start date.

## **Effect of Condition and Questioned Costs**

The Department improperly charged grant expenditures of \$54,377 prior to the start of the grant's period of availability. We are questioning \$54,377 of improperly charged grant expenditures.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support an expenditure.

## **Recommendation**

We recommend the Department only charge an expenditure to a federal grant if it is obligated during the period the grant allows and consult with its grantor to determine what, if any, of the questioned costs should be repaid.

## **Department's Response**

*The Department does not concur with SAO finding related to the Refugee and Entrant Assistance Grant period of availability.*

*The SAO is using accrual based accounting for this audit finding but all of our Federal Grants use cash accounting basis.*

*The auditor is stating that the Department obligated costs prior to the start date of the grant but the Department disagrees with the SAO interpretation of obligating funds. Per the rules associated with using a cash basis of accounting, an obligation does not occur until payment is actually made.*

***2 CFR 200.309 Period of Performance***, A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in §200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity.

*Per this definition above, the Department has met its obligation as to Period of Performance as costs are not actually "incurred" until an actual expenditure is made by the Department. Below are applicable citing's which the Department has used to provide backup documentation for this statement.*

***2 CFR 200.34 Expenditures***, when using a cash basis of accounting, states that expenditures are defined as the sum of the following:

- (1) Cash disbursements for direct charges for property and services;*
- (2) The amount of indirect expense charged;*
- (3) The value of third-party in-kind contributions applied; and*
- (4) The amount of cash advance payments and payments made to subrecipients.*



**Title 45: Public Welfare, Subtitle A: Department of Health and Human Services, Sub Chapter A: General Administration, Part 95: General Administration-Grant Programs states the following: 95.13** - In which quarter we consider an expenditure made. (a) We consider a State agency's expenditure for assistance payments under title I, IV-A, IV-E, X, XIV, or XVI (AABD) to have been made in the quarter in which a payment was made to the assistance recipient, his or her protective payee, or a vendor payee, even if the payment was for a month in a previous quarter. (b) We consider a State agency's expenditure for services under title I, IV-A, IV-B, IV-D, IV-E, X, XIV, XVI (AABD), XIX, or XXI to have been made in the quarter in which any State agency made a payment to the service provider.

**45 CFR Part 92.3 Definitions,** Outlays (expenditures) mean charges made to the project or program. They may be reported on a **cash or accrual basis**. For reports prepared on a **cash basis, outlays are the sum of actual cash disbursement for direct charges for goods and services,** the amount of indirect expense incurred, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and sub grantees.

The Department performs draws of Federal Revenue for actual expenditures, meaning a disbursement or liquidation (cash out the door), not for any established accruals. Any Federal Revenue drawn in for an accrual would be considered Advance Payments by the Federal Government as no money has actually gone out the door as expenditure for the Department. The Federal Government has strict guidelines about the timeframes between Advance Payment of Federal Revenue and actual expenditures being incurred which are defined below.

**2 CFR 200.3 Advance Payment,** Advance payment means a payment that a Federal awarding agency or pass-through entity makes by any appropriate payment mechanism, including a predetermined payment schedule, before the non-Federal entity disburses the funds for program purposes.

**2 CFR 200.305 Payment,** Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs.

### **Auditor's Concluding Remarks**

We consulted with both the federal granting agency and our single audit contact for the Office of Inspector General, U.S. Health and Human Services regarding this matter. Both contacts agreed that our interpretation of the federal requirements is correct.

We reaffirm our finding and will review this area during our next audit. We recommend the Department consult with the federal granting agency to resolve this matter.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### **Section 300**

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### **Section 510, states in part:**

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

Refugee Cash and Medical Assistance Program Grant # 1401WARCMA, Terms and Conditions Addendum: Additional Financial Requirements, states in part:

- 7. Funding (Project) Period / Obligation Deadline. The funding (project) period for these awards is synonymous with the obligation period. (See 45 CFR 400.210(a)(1) and (b)(1).)

Special Requirement - Cash & Medical Assistance Program. In the event that the Federal funding for the current fiscal year includes “reauthorized funds” from a previous fiscal year, the reauthorized funds must be obligated before newly awarded funds.

- Cash and Medical Assistance Program. One year obligation period: from the first day of the Federal Fiscal Year for which these funds were awarded through the last day of the same Federal Fiscal Year. (i.e., October 1, Federal Fiscal Year 1 through September 30, Federal Fiscal Year 1.)
- Cash and Medical Assistance – Unaccompanied Minor Costs. Two Year obligation period: from the first day of the Federal Fiscal Year for which these funds were awarded through the last day of the following Federal Fiscal Year. (i.e., October 1, Federal Fiscal Year 1 through September 30, Federal Fiscal Year 2.)

Any Federal funds not obligated by the end of the obligation period will be recouped by this Department.

- 8. Liquidation Deadline. All obligated Federal funds awarded under this grant must be liquidated by the following deadlines. (See 45 CFR 400.210(a)(1) and (b)(2).)

- Cash and Medical Assistance Program (Incl. Unaccompanied Minor Costs). By the last day of the Federal Fiscal Year following the year for which these funds were awarded (i.e., September 30, Federal Fiscal Year 2)

Any awarded Federal funds (including reauthorized funds under Cash & Medical Assistance grants) not liquidated by the end of the liquidation period will be recouped by this Department.

Title 45, Code of Federal Regulations, Section 400.210 – Time Limits for Obligating and Expending Funds and for Filing State Claims, states in part:

Federal funding is available for a State's expenditures for assistance and services to eligible refugees for which the following time limits are met:

(a) CMA grants, as described at § 400.11(a)(1) of this part:

- (1) Except for services for unaccompanied minors, a State must use its CMA grants for costs attributable to the Federal fiscal year (FFY) in which the Department awards the grants. With respect to CMA funds used for services for unaccompanied minors, the State may use its CMA funds for services provided during the Federal fiscal year following the FFY in which the Department awards the funds.
- (2) A State's final financial report on expenditures of CMA grants, including CMA expenditures for services for unaccompanied minors, must be received no later than one year after the end of the FFY in which the Department awarded the grant. At that time, the Department will deobligate any unexpended funds, including any unliquidated obligations.

U.S. Office of Management and Budget Circular A-133, Compliance Supplement 2014, Part 3 – Compliance Requirements, states in part:

#### H. PERIOD OF AVAILABILITY OF FEDERAL FUNDS

##### Compliance Requirements

Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period (A-102 Common Rule, § \_\_.23; OMB Circular A-110 (2 CFR section 215.28)).

U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement 2014, Part 4 – information for the Refugee and Entrant Assistance program, states in part:

#### H. Period of Availability of Federal Funds

##### 1. CMA Funds

A State must obligate its CMA funds awarded for costs attributable to RCA, RMA, and administration during the Federal fiscal year (FFY) in which the grant was awarded. Funds awarded for URM assistance remain available for obligation in the FFY following the FFY in which the grant was awarded. However, all CMA funds, including funds awarded for URM services, must be expended by the end of the FFY following the FFY in which the grant was awarded (45 CFR section 400.210(a)).

2. Refugee Social Services Funds

A State must obligate its Social Services funds within 1 year after the end of the FFY in which the grant was awarded, and must expend these funds within 2 years after the end of the FFY in which the grant was awarded (45 CFR 400.210(b)).

**2014-023**

**The Department of Early Learning does not have adequate internal controls over payments to child care providers for the Child Care and Development Fund program.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.575 Child Care and Development Block Grant
	93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
<b>Federal Award Number:</b>	G1301WACCDF; G1401WACCDF
<b>Applicable Compliance Component:</b>	Activities Allowed or Unallowed
<b>Questioned Cost Amount:</b>	None

**Background**

The Department of Early Learning (DEL) administers the federal Child Care and Development grant to assist eligible working families in paying for child care. The Department of Social and Health Services (DSHS) determines client eligibility and pays child care providers under an agreement with DEL. DEL is responsible for reconciling child care payments to providers with attendance records. In fiscal year 2014, approximately \$238 million was paid to child care centers and providers.

Since fiscal year 2005, we have reported the Departments do not adequately monitor payments to child care providers. During fiscal years 2010 and 2011 we found DSHS did not adequately perform reconciliations between attendance records and child care payments. In fiscal year 2012 DEL took over this process, but only reconciled one month of child care payments to attendance records. In fiscal year 2013 we found no reconciliations were performed for months within state fiscal year 2013. The most recent audit finding numbers were 2013-016, 12-28, 11-23, 10-31, 9-12 and 8-13.

Additionally, in October 2012, our office issued a report, “Audit of State Payments to Child Care Providers<sup>1</sup>,” covering the period from July 1, 2010 to June 30, 2011. Using a statistical sample of 153 providers, the audit identified actual overpayments of \$1.6 million and total estimated overpayments of \$73.9 million. The audit also identified payments of \$2.9 million as having questionable documentation, with total estimated payments with this same issue of \$34.9 million. The payments involved in the audit included a mix of federal and state funding.

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<sup>1</sup> Audit report number 1008493

## **Description of Condition**

In response to the finding issued in fiscal year 2013, DEL stated it would address the identified weaknesses by having dedicated staff perform payment reconciliations for fiscal years 2013 and 2014. DEL also stated it would seek timely reimbursement for overpayments.

We reviewed tracking sheets for reconciliations performed during state fiscal year 2014 and found that, as of June 30, 2014, the only month during the audit period for which a reconciliation was completed was July 2013 although August and September of 2013 were partially completed. DEL had also continued to reconcile payments from fiscal year 2013.

During the audit we also confirmed that, while implementing additional internal controls was being considered, DEL did not implement any other internal controls to address the previous findings.

## **Cause of Condition**

During the audit period DEL chose to focus their staff primarily on payments made during the previous fiscal year instead of performing timely reconciliations of the current fiscal year.

We consider this control deficiency to be a material weakness.

## **Effect of Condition**

Because DEL has not fully completed its reconciliations to source documentation it remains at risk for not identifying overpayments to providers in a timely manner. By not performing the reconciliations timely, DEL reduces the likelihood of collecting overpayments.

Our current audit was for the purpose of determining compliance with federal laws and grant requirements and we did not perform tests to quantify provider overpayments as was performed in our “Audit of State Payments to Child Care Providers”. Therefore, we are not questioning costs in this finding. However, the Department’s own internal reconciliations show they identified approximately \$400,000 in overpayments, which was 13 percent of the total payments reviewed during fiscal year 2014.

## **Recommendation**

We recommend the Department continue to improve its procedures for reconciling provider attendance records to payments. Specifically, performing a more timely review of payments to increase the likelihood that any overpayments identified can be collected.

The Department should also follow the recommendations provided by our office in the “Audit of State Payments to Child Care Providers” report.

## **Department's Response**

*The Department of Early Learning (DEL) appreciates the Washington State Auditor's work regarding the Statewide Single Audit. The Department respectfully disagrees with this finding. As of 2/1/2015, the Department will have completed the majority of planned audits for audit months earlier than November 2014. However, per the collective bargaining agreement and Washington Administrative Code, providers are allowed to submit invoices up to twelve months after services are rendered. If the Department were to review only very recent records, the population of records to review would be incomplete and providers could submit invoices for time periods that wouldn't be subject to audit, which would create a significant risk factor that could increase fraud. Also, the statute of limitations is three years for establishing an overpayment and the Department's reviews have historically been made within this timeframe.*

*During Fiscal Year 2014, the Department reviewed 9,349 child attendance records detecting 4,633 errors and writing \$849,129 in overpayments submitted to DSHS. Leading causes of overpayments are claiming absent days when the child was not scheduled and authorized to attend, billing the maximum authorized amount regardless of the actual number of eligible billing days in the month, billing for time periods that weren't authorized, and not having a parental signature or time in/out on the attendance log.*

*In the most recent required Child Care Development Fund (CCDF) Program State Improper Payment Report submitted 7/22/14, the Department reported that in 276 cases sampled, 9 cases (3.3% of the total) had an improper payment error (overpayment or underpayment). The national improper payment error rate for this same time period was 5.7%, so DEL is well below this national average. The federal government requires a corrective action plans for state's exceeding 10%.*

*The Department continues to take steps to improve the integrity of payments in the program and will be implementing a new process of selecting records for review based upon payment date rather than service date. This will allow the Department to review records within four months of payment and include all providers in the sample population.*

## **Auditor's Concluding Remarks**

We thank the Department for its response.

The Department states in its response that it was more current with its post payment audits as of February 2015. The audit period ended on June 30, 2014 and, at that time, the Department was performing audits on payments that were at least 9 months old.

The Department states staff reviewed 9,349 child attendance records and identified 4,633 errors resulting in \$849,129 in overpayments. In our finding we refer to \$400,000 in overpayments because that was the information provided to us during fieldwork. After receiving the Department's response to the finding we requested supporting data for the \$849,129 in overpayments. Department staff reviewed \$4,079,931 in total payments and

determined that approximately 21% were overpayments. The number reviewed by the Department represented 0.2% of total payments to providers.

Our previous audits and the Department's own internal audits have identified a significant improper payment rate for this program. We continue to recommend that the Department strengthen its internal controls over payments to child care providers to not only detect, but prevent overpayments.

We reaffirm our finding and will review this area during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so



that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

**Material noncompliance.** In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

**Material weakness in internal control over compliance.** A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

**Significant deficiency in internal control over compliance.** A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

2 CFR Part 225, Cost Principles for State, Local and Indian Tribal Governments (U.S. Office of Management and Budget Circular A-87)

Appendix A, General Principles for Determining Allowable Costs, Section C, Basic Guidelines states in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - j. Be adequately documented.

**2014-024                      The Department of Early Learning does not have adequate controls to ensure it draws Child Care and Development Fund program federal funds in accordance with the Cash Management Improvement Act.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.575     Child Care and Development Block Grant
	93.596     Child Care Mandatory and Matching Funds of the Child Care and Development Fund
<b>Federal Award Number:</b>	G1301WACCDF; G1401WACCDF
<b>Applicable Compliance Component:</b>	Cash Management
<b>Questioned Cost Amount:</b>	None

### **Background**

Each year the State of Washington enters into a Cash Management Improvement Act (CMIA) agreement with the United States Treasury Department in which it agrees to draw federal funds on certain schedules. The primary purpose of the CMIA agreement is to ensure greater efficiency, effectiveness and equity in the exchange of funds between the federal government and the state. The agreement specifies the funding technique to be used by the Department of Early Learning when requesting federal funds. For the Child Care and Development Block Grant, the agreement states that the Department shall draw funds twice a month on the day prior to payday. For the Child Care Mandatory and Matching Funds of the Child Care and Development Fund the agreement requires draws to be made monthly no later than the 25<sup>th</sup> of each month. This funding technique is interest neutral.

During our audit period, the Department drew more than \$39 million in federal funds for the block grant and \$78 million for the mandatory and matching funds.

### **Description of Condition**

During our review, we determined the Department does not have adequate internal controls to ensure it draws federal funds in accordance with the CMIA agreement. When the Department draws federal funds, it properly ensures draw amounts are requested on a reimbursement basis. The Department did not, however, monitor the federal drawdown frequency to ensure it was in accordance with the CMIA agreement.

We determined:

Child Care and Development Block Grant fund – scheduled to make 24 draws

- Five draws were skipped and made with the next draw
- Four draws were drawn after the scheduled draw date – between four and 29 days late

Child Care Mandatory and Matching Funds of the Child Care and Development Fund – 12 scheduled draws

- Three extra draws were made between scheduled draw dates which were between 14 and 19 days early
- Six draws between three and 23 days late

We also determined that when the Department prepares a draw it bases the amount to be drawn on the amount of expenditures that have accrued through the day before the draw instead of through the scheduled draw date. This means each late draw contains expenditures that occurred after the scheduled draw date. These expenditures should not be drawn until the next scheduled date and are therefore being drawn early.

### **Cause of Condition**

Management oversight was not sufficient to ensure draws were being filed in accordance with the CMIA agreement. The employee responsible for processing draws was aware of the cash management requirements and stated draws were not always filed timely due to a lack of staffing. We consider these control deficiencies to be material weaknesses.

### **Effect of Condition**

As a result of this condition the state was noncompliant with the CMIA agreement. This allows the federal government to take numerous actions such as denying the reimbursement of all or part of the state's interest calculation costs claim or initiating an audit to determine the amount of interest owed to the federal government.

Additionally, delaying legitimate federal drawdown requests results in state funds being advanced longer than necessary.

### **Recommendation**

We recommend the Department develop and follow policies and procedures sufficient to ensure draws of federal program funds are in accordance with the cash management agreement. We also recommend these policies include management oversight of this process.

### **Department's Response**

*The Department of Early Learning (DEL) appreciates the Washington State Auditor's work regarding the Statewide Single Audit and agree with this finding. DEL is actively documenting cash draw reporting procedures, establishing internal policies and controls, and providing cross training to ensure draws of federal funds are in accordance with the CMIA agreement. These policies and procedures include internal controls over proper draws, accuracy of the data, and dual reviews of all draws before submission.*

## Auditor's Concluding Remarks

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

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operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

**Material noncompliance.** In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

**Material weakness in internal control over compliance.** A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

**Significant deficiency in internal control over compliance.** A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Cash Management Improvement Act Agreement between the State of Washington and the Secretary of the Treasury, United States Department of the Treasury, states in part:

page 15:

93.575 Child Care and Development Block Grant

Recipient: 357 --- Department of Early Learning --- DEL

% of Funds Agency Receives: 100.00

Component: Administrative costs, direct program/benefit costs

Technique: Modified Direct Program Costs- Admin, Payroll, Payments to Providers (ACH Drawdown on Payroll Cycle)

Average Day of Clearance: 0 Days

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Recipient: 357 --- Department of Early Learning --- DEL

% of Funds Agency Receives: 100.00

Component: Administrative and direct program costs

Technique: Modified Direct Program and Administrative Costs- Monthly

Average Day of Clearance: 0 Days

page 7:

Modified Direct Program Costs -Admin, Payroll, Payments to Providers (ACH Drawdown on Payroll Cycle)

The State shall request funds for all direct administrative costs and/or payroll costs, and/or payments made to providers and to support providers. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in EXHIBIT I. The amount of the funds requested shall be based on the amount of expenditures recorded for direct administrative costs and/or payroll costs and/or payments made to providers or to support providers since the last request for funds. The State payroll cycle is payday twice a month. Draws made day before payday are for deposit on payday. The draw request will be made in accordance with cut-off time in Exhibit I. The amount of the funds requested shall be based on the amount of expenditures recorded for direct administrative costs and/or payroll costs and/or payments made to providers or to support providers since the last request for funds. This funding technique is interest neutral.

Modified Direct Program and Administrative Costs – Monthly

The state draws funds at the close of fiscal month for direct program and indirect administrative costs. The draw request will be made in accordance with the cut-off time in Exhibit I. The funds drawn will be the accumulation of costs since the last draw. This funding technique is interest neutral.

Code of Federal Regulations 31 CFR §205.11 “What requirements apply to funding techniques?” states in part,

- (a) A State and a Federal Program Agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the State's payout of funds for Federal assistance program purposes, whether the transfer occurs before or after the payout of funds.

**2014-025                    The Department of Early Learning does not have sufficient internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Child Care and Development Fund program are filed accurately.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.575     Child Care and Development Block Grant
	93.596     Child Care Mandatory and Matching Funds of the Child Care and Development Fund
<b>Federal Award Number:</b>	G1301WACCDF; G1401WACCDF
<b>Applicable Compliance Component:</b>	Reporting
<b>Questioned Cost Amount:</b>	None

## **Background**

The Washington state Department of Early Learning administers the Child Care and Development grant. This federal grant gives the state funding to develop child care programs and provide financial assistance to low-income families. It also assists the state in establishing health, safety, licensing and registration standards for child care required by state law.

The Department spent approximately \$215 million in Child Care Development funds in fiscal year 2014, of which \$7.5 million was distributed to subrecipients.

Under the Federal Funding Accountability and Transparency Act (Accountability Act), the Department is required to collect and report information on each subaward of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System. The reporting must be done by the end of the month following the month in which the subaward was made. For this grant program there are two different federal funding sources, both of which require reporting of subawards. The federal audit guidance for Accountability Act reporting provides for a good faith exemption from reporting if the Departments attempts to report, but cannot due to reporting system problems outside of their control.

We reported a finding in our fiscal year 2013 audit for subawards not being reported in the Federal Funding Accountability and Transparency Subaward Reporting System. The prior audit finding number was 2013-015.

## **Description of Condition**

During our current audit, we found the Department did not have internal controls in place to ensure the fiscal year 2014 Accountability Act reports were filed correctly for awards made using one of the federal funding sources.

The Department reported two subawards for the program, totaling \$180,348,000, as being awarded to the Department of Social and Health Services. The employee responsible for Accountability Act reporting was not aware that another state agency is not considered a subrecipient. The State as a whole receives the grant funds and the actions between state agencies are considered interagency transfers, not payments to subrecipients. The employee had an understanding that all funds awarded out of mandatory or matching funds needed to be reported through the Federal Funding Accountability and Transparency Act Subaward Reporting System. Federal guidance clearly states that the reporting requirements only apply to the reporting of funds awarded to subrecipients.

The finding that was issued in our fiscal year 2013 audit was related to not reporting subawards made using the other federal funding source. During our current audit, we identified 16 subawards from this funding source that exceeded \$25,000 and were not reported. We reviewed communications between the Department of Early Learning and the U.S. Department of Health and Human Services stating that these subawards could not be filed during the audit period due to a problem with the reporting system for that particular federal funding source. We have determined that a good faith effort was made to comply with the submission process regarding these 16 subawards.

## **Cause of Condition**

The Department did not have policies and procedures to ensure it complied with Accountability Act reporting requirements.

The Department had one employee assigned to file the required reports. This employee was not aware of proper Accountability Act reporting requirements. There was no independent review or management oversight of the employee's work to verify reports were being filed completely and accurately.

We consider these control deficiencies to constitute a material weakness.

## **Effect of Condition**

By not correctly submitting the required reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Department for noncompliance, suspending or terminating the award and withholding future awards.



## **Recommendation**

We recommend the Department establish policies and procedures to ensure all Accountability Act reports are submitted accurately. We further recommend that a secondary review is conducted prior to reports being submitted.

## **Department's Response**

*The Department of Early Learning (DEL) appreciates the Washington State Auditor's (SAO) work regarding the Statewide Single Audit. The Department believes we demonstrated a "good faith" effort to comply with sub award reporting under Federal Funding Accountability and Transparency Act, as evidenced by documentation. We followed direction provided in OMB Circular A-133 Section B.210, stating that a sub-recipient/subcontractor relationship exists when a portion of the scope of work is transferred to another entity. The majority of the Child Care and Development Fund (CCFD) grant funding received by DEL funds the Working Connections Child Care (WCCC) program. Under the WCCC program, based on general policies established by the Department, Department of Social and Health Service (DSHS) staff independently make daily determinations of who is eligible to receive the federal financial assistance, have responsibility for day-to-day programmatic decision making, are responsible for adherence to some applicable federal program compliance requirements, and use the awarded federal funds to carry out a program of the organization as compared to providing goods or services.*

*The findings of this audit concluded that additional guidelines provided in OMB Circular A-133 indicate that transfers of federal awards to another component of the same awardee do not constitute a sub recipient or vendor relationship. Since this condition was raised by SAO, DEL is no longer reporting DSHS as a sub recipient. In light of this finding, our granting Federal agency also agrees that DEL should no longer report DSHS as a sub recipient.*

*The Department continues to strengthen internal controls with federal reporting. The Department has recently appointed an Internal Control Officer (ICO) who is now reviewing federal reports prior to release. DEL is also updating policies and procedures to improve internal control and oversight throughout the agency.*

## **Auditor's Concluding Remarks**

OMB Circular A-133 Section B.210, referenced by the Department in its response, provides criteria for determining whether an auditee is a subrecipient or a vendor. The auditee for this grant program is the State of Washington. The Department of Early Learning and the Department of Social and Health Services are both components of the same auditee and therefore one cannot be a subrecipient of the other.

We reaffirm our finding and will review this area during our next audit. We thank the Department for its commitment to improving internal controls over financial reporting.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

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Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either

individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 2, Code of Federal Regulations, APPENDIX A TO PART 170—AWARD TERM, states, in part:

I. Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111–5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. Where and when to report.
  - i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
  - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

**2014-026**

**The Department of Social and Health Services does not have adequate internal controls over client eligibility for the Child Care Development Fund.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.575 Child Care and Development Block Grant
	93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
<b>Federal Award Number:</b>	G1301WACCDF; G1401WACCDF
<b>Applicable Compliance Component:</b>	Eligibility
<b>Questioned Cost Amount:</b>	None

## **Background**

The Department of Early Learning (DEL) administers the federal Child Care and Development grant to assist eligible working families in paying for child care. The Department of Social and Health Services (DSHS) determines client eligibility and pays child care providers under an agreement with DEL. DEL then reimburses DSHS with federal grant funds. In fiscal year 2014, child care providers were paid approximately \$238 million.

In order for a family to be eligible for child care assistance children must be:

- Under age 13 (with some exceptions)
- Reside with a family whose income does not exceed 85 percent of state, territorial or tribal median income for a family of the same size; and
- Reside with a parent, or parents, who work or attend a job-training or education program; or are in need of, or are receiving, protective services.

If an ineligible client receives assistance, the payment made to the child care provider is not considered allowable under the program.

## **Description of Condition**

The Department has not established adequate internal controls to ensure it correctly determines and documents client eligibility prior to payments being made to child care providers.

We found:

- In most cases, a DSHS caseworker processes client eligibility information and authorizes services without any secondary review or approval.

- Caseworkers can authorize services in the eligibility system without verifying client household income or employment activity.
- Caseworkers who establish authorizations for child care can also alter payment information.
- DSHS conducts monthly audits, but reviews only 1.6 percent of open authorizations for child care. This does not provide adequate coverage to address the internal control weaknesses to prevent improper payments.

We reported similar issues during the fiscal year 2012 and 2013 audits as finding numbers 2013-017 and 12-30.

### **Cause of Condition**

DEL and DSHS are aware of weaknesses in controls over eligibility determination, but have not taken adequate action to address them. We consider this control deficiency to be a material weakness.

### **Effect of Condition**

By not having adequate internal controls in place, the state is at a higher risk of paying providers for child care services when clients are ineligible.

### **Recommendation**

We recommend DSHS and DEL work together to improve internal controls to ensure:

- Authorizations for child care are reviewed and adequately supported.
- Duties are segregated between staff that determine eligibility and authorize payments.

We also recommend that DSHS and DEL improve the current review process to cover a larger population of authorized payments and ensure eligibility is properly determined prior to payments being made.

### **Department's Response**

*The Department of Social and Health Services appreciates, acknowledges and supports the State Auditor's Office's (SAO) mission, which is to hold state and local governments accountable for the use of public resources.*

*The Department of Social and Health Services does not concur with the State Auditor's Office's (SAO) description of the condition identified in this audit, specifically, that "The Department has not established adequate internal controls to ensure it correctly determines and documents client eligibility prior to payments being made to child care providers."*

*The SAO reviewed 44 child care cases and confirmed the Department accurately determined eligibility in each case. The SAO performed a similar review in support of the previous year's*

audit (State Fiscal Year 2013) and again, determined the Department accurately determined eligibility in each case.

These results do not support the SAO's opinion that a material weakness exists in the Department's internal controls.

**SAO Description of Weakness** - In most cases, a DSHS caseworker processes client eligibility information and authorizes services without any secondary review or approval.

The Department of Social and Health Services partially concurs with this description. Current childcare program policy, as established and maintained by the Department of Early Learning, does not require that separate workers authorize approval for benefits and payment.

DSHS employs the following controls to ensure child care subsidy payment authorizations are made correctly:

- A supervisory review is required for payment requests that exceed certain parameters. The supervisor reviews the need for the additional payment and either approves the payment by submitting the authorization to SSPS or denies the payment if the consumer is not eligible. All special authorizations require supervisor review for approval.
- New workers have 100% of their work audited by Leadworkers; these audits may be conducted either pre or post-authorization.

Also, the federal fiscal year 2013 Improper Payments Information Act (IPIA) audit required by the Federal Office of Child Care and conducted by the Department of Early Learning (DEL) found that less than one percent of the total amount of payments for the sampled cases were made in error.

**SAO Description of Weakness** - Caseworkers can authorize services in the eligibility system without verifying client household income or employment activity.

The Department of Social and Health Services partially concurs with this description. Washington Administrative Code, established and maintained by the Department of Early Learning, requires workers to request verification if not provided by the consumer. Eligibility workers must verify a consumer's activity and income prior to making eligibility determinations. Childcare program training reinforces these requirements. DEL WAC 170-290-0012 requires a consumer to provide verification of employment or employment activity including income, hours of work and work schedule to receive childcare subsidy payments, however, if a consumer does not provide all of the verification requested, DEL WAC requires DSHS to determine eligibility based on the information provided to DSHS.

**SAO Description of Weakness** - Caseworkers who establish authorizations for child care can also alter payment information.

*The Department of Social and Health Services partially concurs with this description. While it is true that caseworkers have access to alter payment information, it is important to note that current childcare program policy, as established and maintained by the Department of Early Learning, authorizes approval for benefits and authorization for payment by the same worker. The Department has consistent monitoring protocols to maintain payment integrity including:*

- An Integrity Report (identifying cases where the same staff member has authorized four or more payments in a 15 month period without authorization activity from other staff members) is reviewed by regional staff periodically. To date, the report has not identified any cases resulting in a finding of improper authorization activities.*
- The Department has instituted a separation of duties protocol that does not allow a staff member who activates a license-exempt provider to make any authorizations for that provider.*
- Staff activating or reactivating a provider's SSPS number are electronically linked to that provider number and are not able to create or alter authorizations on behalf of that provider number. The activation of a license-exempt provider's file occurs when the provider's SSPS number is created, and reactivation occurs when the provider has had no payment authorizations for the previous 90 days. Staff must manually activate, or reactivate, a license-exempt provider's SSPS number prior to authorizations / payments being submitted through SSPS.*

**SAO Description of Weakness** - *DSHS conducts monthly audits, but reviews only 1.6 percent of open authorizations for child care. This does not provide adequate coverage to address the internal control weaknesses to prevent improper payments.*

*The Department of Social and Health Services concurs with the description that DSHS conducts monthly audits, but reviews only 1.6 percent of open authorizations for child care. DSHS does not concur with the description that this does not provide adequate coverage to address the internal control weaknesses to prevent improper payments. In addition to auditing 1.6% of open authorizations, DSHS takes the following steps to ensure program integrity:*

- Requires exceptional payment authorizations to be reviewed and approved by a supervisor before payment can be made. An example of an exceptional payment is when a child requires (and is authorized for) more than 230 hours of care per month due extenuating circumstances such as a parent with multiple approved activities (school and work, etc.).*
- Works with data provided monthly by the Health Care Authority to audit additional childcare eligibility activity to identify error prone cases and areas where policy clarification, training or systems support can increase accuracy.*
- Performs 100% pre/post authorization audits for all new childcare workers.*
- Reviews provider payment authorizations and validates billing records when potential payment discrepancies are identified.*

*The DSHS “Provider Team” is a specialized unit that reviews all potential consumer and provider overpayments as identified by staff and the general public. The Provider Team reviews potential overpayments and requests and attendance records to reconcile these with corresponding payments to determine provider billing accuracy. In appropriate cases, the Provider Team establishes an overpayment and the DSHS Office of Financial Recovery (OFR) initiates collection action. During SFY14, the Provider Team reviewed over 12,000 cases for possible overpayment. Of the cases reviewed, the provider team wrote over 7,300 overpayments.*

*In addition to DSHS audits, DEL performs audits focusing on provider billing.*

### **Auditor’s Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department’s corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:



Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

45 CFR 98.20 A child's eligibility for child care services, states:

- (a) In order to be eligible for services under § 98.50, a child shall:
  - (1) (i) Be under 13 years of age; or,
    - (ii) At the option of the Lead Agency, be under age 19 and physically or mentally incapable of caring for himself or herself, or under court supervision;
  - (2) Reside with a family whose income does not exceed 85 percent of the State's median income for a family of the same size; and
  - (3) (i) Reside with a parent or parents (as defined in § 98.2) who are working or attending a job training or educational program; or

- (ii) Receive, or need to receive, protective services and reside with a parent or parents (as defined in § 98.2) other than the parent(s) described in paragraph (a)(3)(i) of this section.
  - (A) At grantee option, the requirements in paragraph (a)(2) of this section and in § 98.42 may be waived for families eligible for child care pursuant to this paragraph, if determined to be necessary on a case-by-case basis by, or in consultation with, an appropriate protective services worker.
  - (B) At grantee option, the provisions in (A) apply to children in foster care when defined in the Plan, pursuant to § 98.16(f)(7).
- (b) Pursuant to § 98.16(g)(5), a grantee or other administering agency may establish eligibility conditions or priority rules in addition to those specified in this section and §98.44 so long as they do not:
  - (1) Discriminate against children on the basis of race, national origin, ethnic background, sex, religious affiliation, or disability;
  - (2) Limit parental rights provided under Subpart D; or
  - (3) Violate the provisions of this section, § 98.44, or the Plan. In particular, such conditions or priority rules may not be based on a parent's preference for a category of care or type of provider. In addition, such additional conditions or rules may not be based on a parent's choice of a child care certificate.

**2014-027                    The Department of Social and Health Services does not have adequate internal controls over, and was not compliant with, foster care payment rate setting and application requirements for the Foster Care program.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.658     Foster Care – Title IV-E
<b>Federal Award Number:</b>	1301WA1401; 1401WA1401
<b>Applicable Compliance Component:</b>	Special Tests and Provisions
<b>Questioned Cost Amount:</b>	None

## **Background**

The Title IV-E Foster Care program helps states provide safe and stable out-of-home care for children under the jurisdiction of the state child welfare agency until the children are returned home safely, placed with adoptive families or placed in other planned arrangements for permanency. The program provides funds to states to assist with the costs of foster care maintenance for eligible children, administrative costs to manage the program and training for state agency staff, foster parents and certain private agency staff. Funds may not be used for costs of social services, such as those that provide counseling or treatment to improve or remedy personal problems, behaviors, or home conditions for a child, the child's family, or the child's foster family.

In Washington State, the Department of Social and Health Services Children's Administration is responsible for the oversight and administration of the Foster Care program. State Foster Care agencies establish basic payment rates for maintenance payments to foster parents, child care institutions or directly to children. As a result, the Department is required to submit a Title IV-E plan to the grantor that must include a periodic review of the payment rates at reasonable, specific and time-limited periods. The Department is also responsible for reviewing Foster Care basic maintenance payment rates for continued appropriateness in accordance with its submitted plan and must establish payment rates that provide only for costs necessary for the proper and efficient administration of the Foster Care program.

During fiscal year 2014 the Department spent approximately \$96 million in federal grant funds with more than \$24 million being paid to eligible foster care recipients and their guardians.

## **Description of Condition**

During our audit, we attempted to perform testing to determine if basic maintenance rates established by the Department were reviewed for their continued appropriateness and if the review was conducted in accordance with the Department's approved plan. We found the Department had not submitted the required information regarding the periodic review of

payment rates in its Title IV-E plan. We also found the Department had been paying the same maintenance payment rates to eligible foster care recipients since 2009 and had not performed a review of basic maintenance payment rates for at least five years.

### **Cause of Condition**

Because the Department's plan was approved by the grantor the Department felt it was sufficient to ensure the Department met all federal program requirements.

Prior to 2009, the Department had been following the statewide regularized approach to examining foster care maintenance rates through the Governor's Vendor Rate Committee. This committee examined many rates paid by the state and made recommendations for periodic adjustments. The committee was repealed in statute in 2009 and the Department has not implemented a replacement review process to ensure its compliance with federal requirements. In 2010, the Department was subject to litigation pertaining to basic maintenance payment rates. Management stated this was a factor in why they did not create a process to replace the maintenance rate review previously done by the Governor's Vendor Rate Committee.

We consider this control deficiency to be a material weakness.

### **Effect of Condition**

Performing periodic reviews of current basic maintenance payment rates for their continued appropriateness is a federal requirement. Not reviewing the payments for appropriateness may result in the Department under-paying foster care providers. Additionally, the grant terms and conditions state failure to comply may result in the loss of Federal funds and may be considered grounds for the suspension or termination of the grant.

### **Recommendation**

We recommend the Department perform a review of its maintenance payment rates, as required by federal regulations. We also recommend the Department establish a process for evaluating basic maintenance payment rates for its continued appropriateness, specifying the methodology and periodicity of required review. We further recommend this process be established in written policies or procedures and the Department ensure this process is included in its Title IV-E plan as required.

### **Department's Response**

*The Department does not concur with this finding.*

*The test on the regular rate reviews and sufficiency required by the federal Office of Management and Budget (OMB) took place under guidance from the Administration for Children and Families (ACF) and is a new test on rate and efficiency as a part of the State Wide Single Audit (SWSA). As stated above, for years CA has described our approach to*

*rates and compliance in its IV-E state plan, which has been approved every year by ACF. The mandate from ACF to review rates for sufficiency is very vague and additional guidance regarding what constitutes compliance is lacking. As a result, this audit represents the first time CA has received feedback that its approach is not compliant with ACF regulations.*

*CA's position, again approved by the federal government in the state IV-E plan has been that our rate structure (maintenance and ad hoc payments provided to foster parents) represents a child specific strategy that flexes with the needs of the children. Furthermore, the development of the Levels 2-4 system in 2001 set out a process, adopted in the administrative code, for identifying the amount of time spent meeting individual children's needs for care and supervision. Combined, these steps work in tandem to create sufficient rates for each foster child. Therefore the required review of the rate is met every time the Department sets a rate for a child and provides additional ad hoc services.*

*In addition to having never been tested on this requirement in previous audits and our subsequent unawareness we were out of compliance, statewide processes and economic conditions would have hampered CA's ability to conduct regularized reviews of the foster care maintenance rate. In addition to the disbanding and repeal of the Governor's Vendor Rate Committee, Washington State entered a deep economic recession beginning in 2009. Along with that recession came explicit budget instructions to not request increases and, in fact, most agencies were asked to submit options for budget reductions. Then in 2011, the Foster Parent Association of Washington (FPAWS) brought a lawsuit against the state alleging the administration was not meeting its obligation under Title IV-E to cover costs for Title IV-E categories of allowable costs incurred by foster parents on behalf of IV-E eligible foster children. That lawsuit essentially froze foster care maintenance rates as the department could not examine these rates while the question was before the court. These three factors, repeal of the Governor's Vendor Rate committee, deep economic recession, and the FPAWS suit created a perfect storm during the years 2009 to present day, essentially eliminating what little authority CA had for the consideration of rates.*

*Again, without clear definitions from ACF regarding what constitutes a "review for appropriateness", it is difficult to think about how the state could reasonably demonstrate compliance with this requirement. Also, CA ultimately does not control the rates paid to foster parents because this service goes through a complex budgeting process known as forecasting. CA would have to request additional funding to raise rates and those requests are far from guaranteed. Compliance is made even less clear in this environment. Would compliance with the ACF requirement be achieved from CA merely reviewing the rate and submitting a budget request? What if that budget request was not funded? Would CA then be out of compliance with this requirement even though that lack of compliance was actually caused by an outside entity (the State Legislature)?*

*CA does not concede that anything more than what the agency has undertaken has been required by ACF. However, CA has a potential resolution that may address the concern specifically identified by this review because it has negotiated a proposed settlement of the FPAWS case. Under the negotiated settlement, CA undertook an economic analysis of rates and negotiated new foster care rates and an accompanying methodology that gives structure*

*to an updating process. Due to lack of clarity, the federal requirement is unclear whether or not this settlement would represent compliance from ACF's perspective. However it does contain one potential mechanism for a "review" of foster care rates. According to the settlement, CA would re-review the rates in four years. CA has submitted a budget request to fund the settlement and is awaiting action by the State Legislature during this legislative session. If funding is not provided, CA will be returning to court to resume the lawsuit and maintenance of the foster care rates at current levels would resume until conclusion of the suit.*

### **Auditor's Concluding Remarks**

We thank the Department for its response and its cooperation throughout the audit. Federal regulations (cited below) clearly state the Department is required to have a written plan that provides for rate reviews to ensure the adequacy of foster care maintenance payments at reasonable, specific, time-limited periods. While we understand this may be difficult to implement, the Department did not have such a plan in place and had not reviewed basic maintenance payments for at least five years.

We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

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Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

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Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Grant Award; GENERAL TERMS AND CONDITIONS; MANDATORY FORMULA, BLOCK and ENTITLEMENT GRANT PROGRAMS

Except as noted otherwise, these Terms and Conditions apply to all mandatory grant programs administered by the Administration for Children and Families (see Appendix

A). Please also review the separate program-specific Addendum to these Terms and Conditions applicable to each program.

By acceptance of the individual awards, each grantee agrees to comply with these requirements. Failure to comply may result in the loss of Federal funds and may be considered grounds for the suspension or termination of the grant.

45 CFR section 1356.21 (m) – Requirements Applicable to Title IV-E states, in part:

*Review of payments and licensing standards.* - In meeting the requirements of section 471(a)(11) of the Act, the title IV-E agency must review at reasonable, specific, time-limited periods to be established by the agency:

(1) The amount of the payments made for foster care maintenance and adoption assistance to assure their continued appropriateness.

42 USC 671(a)(11) - State Plan for foster care and adoption assistance – Requisite features of State Plan states, in part:

In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which –

(11) Provides for periodic review of the standards referred to in the preceding paragraph and amounts paid as foster care maintenance payments and adoption assistance to assure their continuing appropriateness;

OMB Circular A-133 Compliance Supplement – Department of Health and Human Services  
CFDA 93.658 – Foster Care – Title IV-E

(N) Special Tests and Provisions – Payment Rate Setting and Application, states:

**Compliance Requirement** – Title IV-E agencies establish payment rates for maintenance payments (e.g., payments to foster parents, child care institutions or directly to youth). Payment rates may also be established for Title IV-E administrative expenditures (e.g., payments to child placement agencies or other contractors, which may be either subrecipients or vendors) and for other services. Payment rates must provide for proper allocation of costs between Foster Care maintenance payments, administrative expenditures, and other services in conformance with the cost principles. The Title IV-E agency's plan approved by ACF must provide for periodic review of payment rates for Foster Care maintenance payments at reasonable, specific, time-limited periods established by the Title IV-E agency to assure the rate's continuing appropriateness for the administration of the Title IV-E program (42 USC 671(a)(11); 45 CFR section 1356.21(m)(1); 45 CFR section 1356.60(a)(1) and (c)).



**2014-028**                      **The Department of Health did not ensure Medicaid hospital and home health agency surveys were performed in accordance with the frequency required by state and federal laws.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Controls
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Special Tests and Provisions – Provider Health and Safety Standards
<b>Questioned Cost Amount:</b>	None

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion during fiscal year 2014, more than \$5.5 billion of which was federal dollars.

Almost \$1.7 million, state and federal combined, in Medicaid spending relates to the Department of Health.

Washington State has 101 active hospitals that fall into one of three categories:

- Acute care/general
- Chemical dependency
- Psychiatric

State regulations require the Department of Health, or an accreditation agency, to survey all acute care/general hospitals on average at least every 18 months. Surveys for psychiatric and chemical dependency hospitals must be performed on 12 month intervals. The survey focuses on the hospital's administration and patient services, as well as compliance with federal health, safety and quality standards designed to ensure patients receive safe and quality care services.

The state has 62 Medicare certified home health agencies which provide necessary support services to allow clients to get the care they need in their own home setting. Services provided by home health agencies can range from companion care provided by trained providers to advanced skilled care provided by registered or licensed practical nurses. Federal and state laws require the Department of Health, or accreditation agencies such as the Community Health Accreditation Program or the Joint Commission on Accreditation of Healthcare Organizations, to survey all home health agencies at least every 36.9 months to maintain Medicare certification and accept Medicaid clients.

Federal laws require states to ensure home health agencies and health-care facilities, such as hospitals, meet prescribed health and safety standards in order to be eligible for federal reimbursement.

In the past three years we have reported in audit findings that the Department has not completed required surveys in accordance with the frequency required by federal and state laws. Prior finding numbers 2013-019, 12-33 and 11-25.

### **Description of Condition**

#### *Hospitals*

In fiscal year 2014, the Department of Health did not ensure hospital surveys were performed in accordance with the frequency stipulated by federal and state laws. Of the state's 95 acute/general hospitals, 43 (45 percent) were not surveyed within the required 18 month average frequency rate. The surveys that exceeded this average ranged from 19.7 to 31.5 months. Five of these hospitals had their survey conducted by an accrediting organization, but the Department was still responsible to ensure the surveys were conducted timely.

Of the state's six chemical dependency and psychiatric hospitals, five (83 percent) did not meet the required 12 month survey interval. The time period between surveys ranged from 2.8 years to 5 years.

The table below summarizes the results of our testing.

<b>Type of facility</b>	<b>Department of Health</b>	<b>Accreditation organization</b>	<b>Total surveys required</b>	<b>Number of untimely surveys</b>	<b>Percent past required frequency</b>
Acute Care / General	58	37	95	43	45%
Psychiatric and Chemical Dependency	6	0	6	5	83%
<b>Totals</b>	<b>64</b>	<b>37</b>	<b>101</b>	<b>48</b>	<b>48%</b>

## *Home Health Agencies*

During fiscal year 2014, the Department of Health did not ensure surveys of home health agencies were performed within 36.9 months as required by state and federal laws. Of the state's 62 Medicare certified home health agencies two did not receive the required survey within the 36.9 month interval. The time period between surveys ranged from 41.2 to 41.3 months. Although these two surveys were the responsibility of an accreditation organization, the Department was still responsible to ensure the surveys were conducted timely.

### **Cause of Condition**

The number of hospital surveys performed increased from the prior year by approximately 24 percent. Since the regulation bases the timeliness on an average of 18 months between surveys, deficiencies from prior years continued to impact the measurement of hospital surveys in fiscal year 2014.

We consider the internal control deficiencies to be a material weakness.

### **Effect of Condition**

When the Department does not survey hospitals and home health agencies as required, the state is paying these facilities for services to Medicaid clients without assurance they are providing services that meet state and federal health standards and regulations.

### **Recommendation**

We recommend the Department conduct hospital and home health agency surveys in accordance with the frequency required by federal and state laws.

### **Department's Response**

*The Department concurs with the results of the State Auditor's findings for both Hospitals and Home Health Agencies (HHA), for failure to ensure surveys were performed in accordance with state and federal laws.*

#### *Contributing Factors:*

*As the contracted agency for the Center for Medicare and Medicaid Services (CMS), an increase in our workload over the last couple of fiscal years has identified the fact that the Hospital Survey Inspection Program is understaffed. Federal Patient Safety Initiative surveys, assigned CMS surveys following complaint investigations, and validation surveys have impeded the state's ability to get its regularly scheduled workload complete. In addition, there has been significant increase in the workload for End Stage Renal Dialysis (ESRD) facilities, work performed by the same team.*

#### *Corrective Actions in Progress:*

*Lean - In an effort to meet federal requirements, the Department went through a hospital survey Lean process to help improve administrative processing and develop surveyor worksheets designed to create a more focused survey approach and concentrate on Infection Control, Quality Assurance and Performance Improvement and Care Continuity (transitions in care).*

*Scheduling - Both the hospital and home health agency programs implemented improved scheduling practices that assured each facility type adhered to their respective survey timelines.*

*Staffing - The workload for ESRDs was such that the department determined the need to create a survey team specific for this facility type. Two nurse surveyors and a public health advisor were hired to focus on the ESRD work and remove the impact that this workload had on the hospital survey schedule. This allowed the Hospital team to work exclusively with Hospitals.*

*The Department will also be hiring a manager to work specifically with the HHA surveyors to maintain current progress and push toward 100% compliance. Both the Hospital and HHA survey manager will work with accrediting organization to ensure continued coordination to ensure surveys are completed within prescribed timelines.*

#### *Results So Far:*

*All efforts described above are ongoing and have led to improvements in compliance over last fiscal year as described in your results. The Facilities Survey and Inspection Executive Director will ensure these activities continue.*

*The HHA program has demonstrated significant improvement with a reported compliance rate of 97%. Improved scheduling and new management oversight will ensure compliance rate is maintained or improved within this program. We estimate full compliance by June 30, 2015.*

*Psychiatric hospitals are required to maintain a 12 month survey interval. Therefore, it will take 24 months to generate the similar data to demonstrate compliance. The estimated completion date: December 31, 2016.*

*In December 2014, the Hospital Program reached a point where all hospital surveys that had been previously overdue, had now been surveyed. Because the hospital program requires an 18 month "average" frequency rate, it will take at least two survey cycles (or 36 months) from this point to generate the data necessary to demonstrate compliance. The estimated completion date is December 31, 2017.*

## Auditor's Concluding Remarks

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

*Government Auditing Standards*, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 42 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.

RCW 70.41.120, states in part:

- (1) The department shall make or cause to be made an unannounced inspection of all hospitals on average at least every eighteen months. Every inspection of a hospital may include an inspection of every part of the premises. The department may make an examination of all phases of the hospital operation necessary to determine compliance with the law and the standards, rules and regulations adopted thereunder.

RCW 70.41.122 states:

Surveys conducted on hospitals by the joint commission on the accreditation of health care organizations, the American osteopathic association, or Det Norske Veritas shall be deemed equivalent to a department survey for purposes of meeting the requirements for the survey specified in RCW 70.41.120 if the department determines that the applicable survey standards are substantially equivalent to its own.

- (1) Hospitals so surveyed shall provide to the department within thirty days of learning the result of a survey documentary evidence that the hospital has been certified as a result of a survey and the date of the survey.
- (2) Hospitals shall make available to department surveyors the written reports of such surveys during department surveys, upon request.

WAC 246-320-016, states in part:

This section outlines the department's on-site survey and complaint investigation activities and roles.

(1) Surveys. The department will:

- (a) Conduct on-site surveys of each hospital on average at least every eighteen months or more often using the health and safety standards in this chapter and chapter 70.41 RCW;
- (f) Accept on-site surveys conducted by the Joint Commission or American Osteopathic Association as meeting the eighteen-month survey requirement in accordance with RCW 70.41.122.

Private Psychiatric Hospitals WAC 246-322-020 state in part:

- (1) A person shall have a current license issued by the department before operating or advertising a private psychiatric hospital.
- (3) The licensee shall apply for license renewal annually at least thirty days before the expiration (a) A completed application on forms provided by the department;

RCW 71.12.480 Examination of operation of establishment and premises before granting license

The department of health shall not grant any such license until it has made an examination of all phases of the operation of the establishment necessary to determine compliance with rules adopted under this chapter including the premises proposed to be licensed and is satisfied that the premises are substantially as described, and are otherwise fit and suitable for the purposes for which they are designed to be used, and that such license should be granted.

42 U.S.C. § 1395bbb. Conditions of participation for home health agencies; home health quality, states in part:

- (c) Surveys of home health agencies

- (1) Any agreement entered into or renewed by the Secretary pursuant to section 1395aa of this title relating to home health agencies shall provide that the appropriate State or local agency shall conduct, without any prior notice, a standard survey of each home health agency.
- (2) (A) Except as provided in subparagraph (B), each home health agency shall be subject to a standard survey not later than 36 months after the date of the previous standard survey conducted under this paragraph. The Secretary shall establish a frequency for surveys of home health agencies within this 36-month interval commensurate with the need to assure the delivery of quality home health services.

State Operations Manual: Chapter 2, Section 2195 - Guidelines for Determining Survey Frequency (Rev. 1, 05-21-04)

Section 1891(c)(2)(A) of the Act states that standard surveys will occur not later than 36 months after the previous standard survey, and that the Secretary shall establish a frequency for surveys within this 36-month interval commensurate with the need to assure the delivery of quality home health services.



**2014-029**

**The Health Care Authority did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Control Units
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Eligibility Activities Allowed/Unallowed Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$66,503

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion during fiscal year 2014, more than \$5.9 billion of which was spent by the Health Care Authority.

Federal regulations require the Authority to obtain a Social Security number from each individual, including children, applying for Medicaid. The Authority is required to verify the number with the Social Security Administration to ensure it was issued to the individual and to verify if the person has been issued any other number. The Authority must assist an applicant with applying for a number if they do not have one. Under these circumstances, the agency must obtain evidence to establish the age, citizenship or immigration status, and the true identity of the applicant.

The Washington HealthPlanFinder, a new online application system, federally verifies the validity of a Social Security number at the time of application for Medicaid benefits. Authority staff verify a client provided a Social Security number using the Federal Health Data Services Hub for unverified Social Security numbers. When an application is submitted without a Social Security number or the Social Security number is not federally verified, Authority staff contact the applicant and follows up to obtain a valid Social Security number.

The Social Security Administration provides the state with access to the State On-Line Query, a computer system that enables the Authority to verify the validity of a Social Security number at the time of the Medicaid application.

### **Description of Condition**

We reviewed Medicaid beneficiaries in the Authority's Medicaid Management Information System (ProviderOne) and performed tests to determine if the Medicaid beneficiaries have valid Social Security numbers.

We identified 183 individuals who did not have a valid Social Security number. Providers were paid \$133,006 for services rendered to these clients in fiscal year 2014.

### **Cause of Condition**

When the HealthPlanFinder started accepting online applications in October 1, 2013, the system approved cases without a Social Security number due to a system malfunction. The system problem was resolved, but the Authority did not have sufficient staff or resources to manually review all cases that were approved without a Social Security number.

The Authority has continuously made improvements in its training and monitoring, and maintains adequate Social Security number verification procedures.

### **Effect of Condition and Questioned Costs**

When the Authority provides services to ineligible individuals, or the services are unallowable and/or unsupported, the services cannot be claimed for federal reimbursement.

We are questioning \$66,503, which is the federal share of the unallowable payments. The federal share is calculated using the state's 2014 FMAP rate of 50 percent. We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

### **Recommendation**

We recommend the Authority:

- Follow up on the 183 clients for whom the Authority could not provide evidence of a correct Social Security number and re-determine their Medicaid eligibility.
- Ensure all staff involved in the verification process follow the Authority's Social Security number verification procedures.
- Consult with U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

## **Authority's Response**

*The State Auditor's Office correctly states that federal statute requires individuals requesting Medicaid to furnish a social security number. However, 42 CFR 435.910 (f) states, "The agency must not deny or delay services to an otherwise eligible applicant pending issuance or verification of the individual's SSN by SSA." Eligibility staff use this guidance to make determinations when an individual cannot produce an SSN at the time of application. The majority of SSNs are verified electronically.*

*During the implementation of the Affordable Care Act beginning October 2013, staff were overwhelmed by significant caseload growth associated with Medicaid Expansion. A large volume of these cases required manual action, including manual eligibility determination when there was either no SSN or the SSN was incorrect. At that time, a small number of determinations were not flagged for follow-up, and some cases were missed. Staff now follow a process that aligns with CMS guidance and also ensures follow-up on questionable circumstances. Due to this process, the pending SSN report that eligibility staff work is significantly smaller than pre-ACA levels.*

*The Authority has followed up on all 183 identified clients and has either closed their coverage or updated the case with the correct SSN.*

## **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

Title 42, Code of Federal Regulations, Section 435.910(a) Use of social security number, states in part:

[T]he agency must require, as a condition of eligibility, that each individual (including children) seeking Medicaid furnish each of his or her Social Security numbers (SSN). . . .

Title 42, Code of Federal Regulations, Section 435.910 (g) states:

The agency must verify the SSN furnished by an applicant or beneficiary to insure the SSN was issued to that individual, and to determine whether any other SSNs were issued to that individual.

Title 42, Code of Federal Regulations, Section 435.910 (e) states:

If an applicant cannot recall his SSN or SSNs or has not been issued a SSN the agency must:

- (1) Assist the applicant in completing an application for an SSN;
- (2) Obtain evidence required under SSA regulations to establish the age, the citizenship or alien status, and the true identity of the applicant; and
- (3) Either send the application to SSA or, if there is evidence that the applicant has previously been issued a SSN, request SSA to furnish the number.

Title 42, Code of Federal Regulations, Section 435.916 Periodic renewal of Medicaid eligibility, states in part, (a)

[T]he eligibility of Medicaid beneficiaries whose financial eligibility is determined using MAGI-based income must be renewed once every 12 months[.]

Title 42, Code of Federal Regulations, Section 435.920 (a-c) states:

- (a) In re-determining eligibility, the agency must review case records to determine whether they contain the beneficiary's SSN or, in the case of families, each family member's SSN.
- (b) If the case record does not contain the required SSNs, the agency must require the beneficiary to furnish them and meet other requirements of 435.910.
- (c) For any beneficiary whose SSN was established as part of the case record without evidence required under the SSA regulations as to age, citizenship, alien status, or true identity, the agency must obtain verification of these factors in accordance with 435.910.

**2014-030**                    **The Health Care Authority improperly claimed federal reimbursement for non-emergency services provided to nonqualified aliens and for payments made on behalf of deceased Medicaid clients.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Control Units
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$417,979

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion during fiscal year 2014.

Almost \$5.9 billion in total Medicaid spending relates to the Health Care Authority.

### *Non-Emergency Services*

Under federal law, all United States citizens and certain legal immigrants who meet Medicaid's financial and non-financial eligibility criteria are eligible to receive Medicaid benefits. Nonqualified aliens are not eligible to receive standard Medicaid benefits, but may be eligible for care and services necessary in an emergency medical situation.

Federal law requires the state to have an Alien Emergency Medical program for medical emergencies for nonqualified aliens who meet all Medicaid program requirements with the exception of immigration status. This program covers low-income families, children and adults who are aged, blind or disabled.

The program defines emergency medical conditions as the sudden onset of a medical condition whose symptoms are acute and severe such that the absence of immediate medical attention could reasonably be expected to result in:

- Placing the patient's health in serious jeopardy
- Serious impairment to bodily functions
- Serious dysfunction of any bodily organ or part

The state can choose to pay for non-emergency services for nonqualified aliens; however, the federal government will not share the cost of those services.

#### *Payments after date of death*

Federal regulations state that an overpayment is the amount that a Medicaid agency paid to a provider in excess of the amount allowable for provided services. Services cannot be provided after a beneficiary's death, and as such no medical service claims are allowable after a beneficiary's death. Accordingly, payments for services claimed to have been provided after a Medicaid beneficiary's death are overpayments.

The Authority, Washington State's Medicaid agency, receives quarterly data from the state Department of Health which is used to identify deceased Medicaid clients. These clients are then removed from the program. The Authority also runs a data query that identifies Medicaid services paid after a client's date of death. Once identified, the Authority starts a process to recoup the overpayments made to providers.

### **Description of Condition**

We found the Authority paid for the following unallowable expenditures:

#### *Non-emergency Services*

Under the Alien Emergency Medical program, any visit or service not meeting the criteria of emergency situations is considered unallowable. This includes, but is not limited to:

- Physical, occupational, speech therapy, or audiology services
- Hospital clinic services
- Office or clinic-based services rendered by a physician, an ARNP, or any other licensed practitioner
- Laboratory, radiology, and any other diagnostic testing
- Home health services

During our review of Medicaid beneficiaries, we identified 1,595 clients who were undocumented aliens. We reviewed all services provided for the undocumented aliens and identified 1,726 non-emergency services provided to 195 nonqualified aliens. The following table summarizes the results of our review:

Description	Number of services	Payments
Non-emergency services paid for nonqualified aliens	1,726	\$130,980

We are questioning \$65,490, which is the federal share of the unallowable payments. The federal share is calculated using the state's 2014 FMAP rate of 50 percent.

#### Payments after date of death

We reviewed all Medicaid payments recorded in the Authority's Medicaid Management Information System (ProviderOne) and performed tests to determine whether the Authority made Medicaid payments for services provided after client's date of death. We identified 1,112 services provided to 371 clients after the client's death. The following table summarizes the results of our review:

Description	Number of services	Payments
Services provided after date of death	1,112	\$704,977

We are questioning \$352,489, which is the federal portion of the unallowable payments. The federal share is calculated using the state's 2014 FMAP rate of 50 percent.

#### **Cause of Condition**

The Authority performs reviews to detect unallowable Medicaid payments for services provided to nonqualified aliens and payments for services provided after a client's death. However, these reviews are not effective to prevent or detect all unallowable payments.

#### **Effect of Condition and Questioned Costs**

When the state provides services to ineligible individuals, or the services are unallowable, the services cannot be claimed for federal reimbursement. During fiscal year 2014, the Authority paid \$835,957 to providers for services for unallowable activities. We are questioning \$417,979, the federal portion of the unallowable expenditures.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support its expenditures.

#### **Recommendation**

We recommend the Authority:

- Ensure Medicaid services provided to nonqualified aliens are restricted to emergency services.

- Enhance monitoring procedures for identifying deceased beneficiaries to prevent overpayments.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

### **Authority's Response**

*The Authority concurs with the finding that services were improperly paid on behalf of nonqualified aliens. The agency is in the process of reviewing and correcting the cases identified by the State Auditor's Office. In order to comply with the conditional eligibility requirements set by the federal government for alien emergency medical service payments, the Authority will continue to refine processes to avoid these approvals wherever possible. The Authority will also implement processes to timely review alien emergency medical claims after payment to ensure all cases of inappropriate payment are corrected.*

*The Authority also concurs that improper reimbursement was made to Medicaid clients where later research and analysis showed the clients were deceased. The majority of the costs identified by the State Auditor's Office are standard monthly fees paid to managed care plans that provide services to enrolled eligible clients. The managed care plans – and the Health Care Authority - may not know a client is deceased until several months after the official date of death. Although HCA receives notice of a client's date of death from a variety of sources, official notification occurs when the Authority reviews the Department of Health's quarterly death data to identify deceased Medicaid clients. This regular review did not occur on a timely basis in 2014 because staffing resources were prioritized to ensure smooth implementation of the Affordable Care Act.*

*The Authority has reviewed all payments identified by the State Auditor's Office as paid on behalf of deceased persons, and is proceeding with recoupment of those claims. Although the identification of Medicaid client date of death and the analysis of claims paid after the date of death will always be a post-payment function, the Authority will continue regular matches to the Department of Health's quarterly death data and will continue to refine our processes to capture this information for timely recoveries.*

### **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

Section 300

The auditee shall:



- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

Title 42, Code of Federal Regulations, Section 435.139 Coverage for certain aliens, states:

The agency must provide services necessary for the treatment of an emergency medical condition, as defined in §440.255(c) of this chapter, to those aliens described in §435.406(c) of this subpart.

Title 42, Code of Federal Regulations, Section 435.406 Citizenship and alienage, states:

- (a) The agency must provide Medicaid to otherwise eligible residents of the United States who are —
  - (1) Citizens:
    - (i) Under a declaration required by section 1137(d) of the Act that the individual is a citizen or national of the United States; and
    - (ii) The individual has provided satisfactory documentary evidence of citizenship or national status, as described in §435.407.
    - (iii) An individual for purposes of the declaration and citizenship documentation requirements discussed in paragraphs (a)(1)(i) and (a)(1)(ii) of this section includes both applicants and recipients under a section 1115 demonstration (including a family planning demonstration project) for which a State receives Federal financial participation in their expenditures, as though the expenditures were for medical assistance.
    - (iv) Individuals must declare their citizenship and the State must document the individual's citizenship in the individual's eligibility file on initial applications and initial redeterminations effective July 1, 2006.
    - (v) The following groups of individuals are exempt from the requirements in paragraph (a)(1)(ii) of this section:
      - (A) Individuals receiving SSI benefits under title XVI of the Act.
      - (B) Individuals entitled to or enrolled in any part of Medicare.
      - (C) Individuals receiving disability insurance benefits under section 223 of the Act or monthly benefits under section 202 of the Act, based on the individual's disability (as defined in section 223(d) of the Act).
      - (D) Individuals who are in foster care and who are assisted under Title IV-B of the Act, and individuals who are beneficiaries of foster care maintenance or adoption assistance payments under Title IV-E of the Act.

- (2) (i) Except as specified in 8 U.S.C. 1612(b)(1) (permitting States an option with respect to coverage of certain qualified aliens), qualified aliens as described in section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641) (including qualified aliens subject to the 5-year bar) who have provided satisfactory documentary evidence of Qualified Alien status, which status has been verified with the Department of Homeland Security (DHS) under a declaration required by section 1137(d) of the Act that the applicant or recipient is an alien in a satisfactory immigration status.
- (ii) The eligibility of qualified aliens who are subject to the 5-year bar in 8 U.S.C. 1613 is limited to the benefits described in paragraph (b) of this section.
- (b) The agency must provide payment for the services described in §440.255(c) of this chapter to residents of the State who otherwise meet the eligibility requirements of the State plan (except for receipt of AFDC, SSI, or State Supplementary payments) who are qualified aliens subject to the 5-year bar or who are non-qualified aliens who meet all Medicaid eligibility criteria, except non-qualified aliens need not present a social security number or document immigration status.

Title 42, Code of Federal Regulations, Section 440.255 Limited services available to certain aliens, states:

- (a) FFP for services. FFP is available for services provided to aliens described in this section which are necessary to treat an emergency medical condition as defined in paragraphs (b)(1) and (c) or services for pregnant women described in paragraph (b)(2).
- (b) Legalized aliens eligible only for emergency services and services for pregnant women. Aliens granted lawful temporary resident status, or lawful permanent resident status under sections 245A, 210 or 210A of the Immigration and Nationality Act, who are not in one of the exempt groups described in §§435.406(a)(3) and 436.406(a)(3) and who meet all other requirements for Medicaid will be eligible for the following services—
  - (1) Emergency services required after the sudden onset of a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:
    - (i) Placing the patient's health in serious jeopardy;
    - (ii) Serious impairment to bodily functions; or
    - (iii) Serious dysfunction of any bodily organ or part.
  - (2) Services for pregnant women which are included in the approved State plan. These services include routine prenatal care, labor and delivery, and routine post-partum care. States, at their option, may provide additional plan services for the treatment of conditions which may complicate the pregnancy or delivery.
- (c) Effective January 1, 1987, aliens who are not lawfully admitted for permanent residence in the United States or permanently residing in the United States under

the color of law must receive the services necessary to treat the condition defined in paragraph (1) of this section if—

- (1) The alien has, after sudden onset, a medical condition (including emergency labor and delivery) manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:
  - (i) Placing the patient's health in serious jeopardy;
  - (ii) Serious impairment to bodily functions; or
  - (iii) Serious dysfunction of any bodily organ or part, and
- (2) The alien otherwise meets the requirements in §§435.406(c) and 436.406(c) of this subpart.

WAC 182-500-0030, Medical assistance definitions--E, states in part:

"Emergency medical condition" means the sudden onset of a medical condition (including labor and delivery) manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:

- (1) Placing the patient's health in serious jeopardy;
- (2) Serious impairment to bodily functions; or
- (3) Serious dysfunction of any bodily organ or part.

WAC 182-507-0115, Alien emergency medical program (AEM), states:

- (1) A person nineteen years of age or older who is not pregnant and meets the eligibility criteria under WAC 182-507-0110 is eligible for the alien emergency medical program's scope of covered services described in this section if the person meets (a) and (b) or (c) of this subsection:
  - (a) The medicaid agency determines that the primary condition requiring treatment meets the definition of an emergency medical condition as defined in WAC 182-500-0030, and the condition is confirmed through review of clinical records; and
  - (b) The person's qualifying emergency medical condition is treated in one of the following hospital settings:
    - (i) Inpatient;
    - (ii) Outpatient surgery;
    - (iii) Emergency room services, which must include an evaluation and management (E&M) visit by a physician; or
  - (c) Involuntary Treatment Act (ITA) and voluntary inpatient admissions to a hospital psychiatric setting that are authorized by the agency's inpatient mental health designee (see subsection (5) of this section).
- (2) If a person meets the criteria in subsection (1) of this section, the agency will cover and pay for all related medically necessary health care services and professional services provided:
  - (a) By physicians in their office or in a clinic setting immediately prior to the transfer to the hospital, resulting in a direct admission to the hospital; and

- (b) During the specific emergency room visit, outpatient surgery or inpatient admission. These services include, but are not limited to:
  - (i) Medications;
  - (ii) Laboratory, X ray, and other diagnostics and the professional interpretations;
  - (iii) Medical equipment and supplies;
  - (iv) Anesthesia, surgical, and recovery services;
  - (v) Physician consultation, treatment, surgery, or evaluation services;
  - (vi) Therapy services;
  - (vii) Emergency medical transportation; and
  - (viii) Nonemergency ambulance transportation to transfer the person from a hospital to a long term acute care (LTAC) or an inpatient physical medicine and rehabilitation (PM&R) unit, if that admission is prior authorized by the agency or its designee as described in subsection (3) of this section.
- (3) The agency will cover admissions to an LTAC facility or an inpatient PM&R unit if:
  - (a) The original admission to the hospital meets the criteria as described in subsection (1) of this section;
  - (b) The person is transferred directly to this facility from the hospital; and
  - (c) The admission is prior authorized according to LTAC and PM&R program rules (see WAC 182-550-2590 for LTAC and WAC 182-550-2561 for PM&R).
- (4) The agency does not cover any services, regardless of setting, once the person is discharged from the hospital after being treated for a qualifying emergency medical condition authorized by the agency or its designee under this program. Exception: Pharmacy services, drugs, devices, and drug-related supplies listed in WAC 182-530-2000, prescribed on the same day and associated with the qualifying visit or service (as described in subsection (1) of this section) will be covered for a one-time fill and retrospectively reimbursed according to pharmacy program rules.
- (5) Medical necessity of inpatient psychiatric care in the hospital setting must be determined, and any admission must be authorized by the agency's inpatient mental health designee according to the requirements in WAC 182-550-2600.
- (6) There is no precertification or prior authorization for eligibility under this program. Eligibility for the AEM program does not have to be established before an individual begins receiving emergency treatment.
- (7) Under this program, certification is only valid for the period of time the person is receiving services under the criteria described in subsection (1) of this section. The exception for pharmacy services is also applicable as described in subsection (4) of this section.
  - (a) For inpatient care, the certification is only for the period of time the person is in the hospital, LTAC, or PM&R facility - The admission date through the discharge date. Upon discharge the person is no longer eligible for coverage.
  - (b) For an outpatient surgery or emergency room service the certification is only for the date of service. If the person is in the hospital overnight, the

certification will be the admission date through the discharge date. Upon release from the hospital, the person is no longer eligible for coverage.

- (8) Under this program, any visit or service not meeting the criteria described in subsection (1) of this section is considered not within the scope of service categories as described in WAC 182-501-0060. This includes, but is not limited to:
- (a) Hospital services, care, surgeries, or inpatient admissions to treat any condition which is not considered by the agency to be a qualifying emergency medical condition, including but not limited to:
    - (i) Laboratory X ray, or other diagnostic procedures;
    - (ii) Physical, occupational, speech therapy, or audiology services;
    - (iii) Hospital clinic services; or
    - (iv) Emergency room visits, surgery, or hospital admissions.
  - (b) Any services provided during a hospital admission or visit (meeting the criteria described in subsection (1) of this section), which are not related to the treatment of the qualifying emergency medical condition;
  - (c) Organ transplants, including preevaluations, post operative care, and anti-rejection medication;
  - (d) Services provided outside the hospital settings described in subsection (1) of this section including, but not limited to:
    - (i) Office or clinic-based services rendered by a physician, an ARNP, or any other licensed practitioner;
    - (ii) Prenatal care, except labor and delivery;
    - (iii) Laboratory, radiology, and any other diagnostic testing;
    - (iv) School-based services;
    - (v) Personal care services;
    - (vi) Physical, respiratory, occupational, and speech therapy services;
    - (vii) Waiver services;
    - (viii) Nursing facility services;
    - (ix) Home health services;
    - (x) Hospice services;
    - (xi) Vision services;
    - (xii) Hearing services;
    - (xiii) Dental services;
    - (xiv) Durable and nondurable medical supplies;
    - (xv) Nonemergency medical transportation;
    - (xvi) Interpreter services; and
    - (xvii) Pharmacy services, except as described in subsection (4) of this section.
- (9) The services listed in subsection (8) of this section are not within the scope of service categories for this program and therefore the exception to rule process is not available.
- (10) Providers must not bill the agency for visits or services that do not meet the qualifying criteria described in this section. The agency will identify and recover payment for claims paid in error.

**2014-031**

**The Health Care Authority did not seek reimbursement for all eligible Medicaid outpatient drug rebate claims.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Control Units
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed; Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$225,439
<b>Likely Questioned Cost Amount:</b>	\$1,048,530

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion during fiscal year 2014, more than \$5.9 billion of which was spent by the Health Care Authority.

The Authority invoiced manufacturers for more than \$199 million in drug rebates for drug units it paid during the audit period.

The Medicaid drug program, which began in 1991, is set forth in section 1927 of the Social Security Act. For federal payments to be available for covered outpatient drugs provided under Medicaid, drug manufacturers are required to enter into a rebate agreement with the Secretary of the U.S. Health and Human Services and pay quarterly rebates to states. Under these rebate agreements, manufacturers must provide the Center for Medicare and Medicaid Services (CMS) with the average manufacturer price by national drug code for each of their covered drugs. CMS uses the average manufacturer price and best price data to calculate the unit rebate amount for each national drug code included in the Medicaid drug rebate program and transmits this information to the states.

States then calculate the total quarterly rebates that participating manufacturers owe by multiplying the unit rebate amount for a specific drug by the number of units of that drug for which the state reimbursed providers in that quarter. Within 60 days of the end of the quarter, states must invoice the manufacturers for the units reimbursed and indicate the total rebate due for each national drug code. The manufacturers process the invoices and pay the rebates to the states within 30 days of receipt of the invoices.

Invoices must reflect only those drugs reimbursed in the reporting period (quarter). Invoices must not include any national drug codes paid for under:

- Public Health Service drug pricing agreements
- State-funded only general assistance programs; other state-funded only programs; or
- Other federal non-Medicaid funded drug programs

### Description of Condition

We judgmentally selected five out of 1,628 total invoices which were processed during the audit period to determine if the Authority prepared them accurately and completely. The total rebate amount for the selected five invoices was nearly \$9.6 million.

We identified 844 drug rebate eligible claims, totaling \$336,000 that were not included in the five rebate invoices. As a result, the Authority failed to claim \$450,877 in owed rebates.

The following table summarizes the results of our review:

Exception Type	Number of Claims	Paid Amount	*Rebate Amount
Medicare crossover claims not included in the invoices.	686	\$234,749	\$391,697
Family planning services not included in the invoices.	113	\$2,592	\$6,719
Other claims not included in the invoices.	45	\$98,659	\$52,461
<b>Total</b>	<b>844</b>	<b>\$336,000</b>	<b>\$450,877</b>

Medicare Crossover Claims are claims submitted by Medicaid providers for Medicare/Medicaid dual eligible beneficiaries. Medicare pays the claim to the provider and applies a deductible/coinsurance or co-pay amount before submitting the claim to Medicaid.

Family Planning services are services relating to preventative health and contraceptive methods provided by Medicaid providers.

The “other claims” include professional and outpatient claims.

We are questioning the federal share of \$225,439, which is calculated using the state’s 2014 FMAP rate of 50 percent.

## Cause of Condition

The Authority failed to account for all drug rebate eligible claims when preparing drug rebate invoices for the following reasons:

When the requirement to include Medicare crossover claims took effect in 2008, the Authority intended to ask for a temporary delay in implementation until a new Medicaid Management Information System, ProviderOne, was fully implemented. However, the Authority did not request a formal waiver from CMS at that time and has not included Medicare crossover claims in drug rebates.

The Authority excluded all claims from Family Planning providers because a majority of the providers were Public Health Service providers which were not eligible for drug rebate. In addition, the majority of the claims were for clinic or bulk packaged drugs, which were not eligible for drug rebate.

The 45 “Other Claims” were excluded because the claims were not reported in the drug rebate system timely due to system interface issues.

## Effect of Condition and Question Costs

Using an average rebate percentage for claims that was provided by the Authority, we calculated estimates for the total rebate amounts that were likely not requested from drug manufacturers.

The following table summarizes the results of our calculations:

<b>Claim Type</b>	<b>Claims</b>	<b>Paid Amount</b>	<b>*Rebate Amount</b>
Medicare Crossover Claims	44,506	\$3,655,921	\$1,898,520
Family Planning	1,425	\$ 382,320	\$ 198,539
<b>Totals</b>	<b>45,931</b>	<b>\$4,038,241</b>	<b>\$2,097,059</b>

\*The Authority calculated the average rebate percentage of 51.93 percent. The rebate amount was estimated by applying the percentage to Medicaid paid amount.

We estimate the amount of unallowable costs to the entire population of Medicare Crossover and Family Planning claims could be \$1,048,530, which is the federal share of the estimated unclaimed drug rebates. The federal share is calculated using the state’s 2014 FMAP rate of 50 percent.

The total rebate amount for the claim type of “Other Claims” cannot be estimated at this time.

## Recommendation



We recommend the Authority:

- Review Medicare crossover and Family Planning claims to determine how much in drug rebates should be requested from manufacturers.
- Review the drug rebate invoice process to ensure the Authority seeks reimbursement for all eligible professional and outpatient drug rebate claims.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of questioned costs.

### **Authority's Response**

*The Authority acknowledges that the State Auditor's Office identified groups of claims that that were excluded from drug rebate invoicing in error, and appreciates SAO's identification of an issue that, when corrected, will increase Medicaid rebates.*

*To address the crossover claim oversight, staff have identified the steps necessary to include these claims for drug rebate invoicing. The work is currently under way, and is on schedule to begin testing in March 2015, with an implementation target date of May 2015.*

*Currently, family planning providers' claims for certain family planning drugs are excluded from drug rebate due to past system limitations. The Authority is developing an action plan to reverse the exclusion and notify impacted providers. This first phase of the reconfiguration will be implemented by May 2015, with final completion by December 2015.*

*The small volume of claims that were excluded for reasons other than the above were addressed by changing the timing of certain vendor claim payment interfaces. This issue has been corrected.*

*The Authority will ensure that the U.S. Department of Health and Human Services receives a copy of this finding as soon as it is published so that they may begin their process to recover questioned costs.*

### **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ...(3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

42 U.S.C. 1396r–8. Payment for covered outpatient drugs, states in part:

(b) Terms of rebate agreement

(1) Periodic rebates

- (A) In general: A rebate agreement under this subsection shall require the manufacturer to provide, to each State plan approved under this subchapter, a rebate for a rebate period in an amount specified in subsection (c) of this section for covered outpatient drugs of the manufacturer dispensed after December 31, 1990, for which payment was made under the State plan for such period, including such drugs dispensed to individuals enrolled with a medicaid managed care organization if the organization is responsible for coverage of such drugs. Such rebate shall be paid by the manufacturer not later than 30 days after the date of receipt of the information described in paragraph (2) for the period involved.
- (B) Offset against medical assistance: Amounts received by a State under this section (or under an agreement authorized by the Secretary under subsection (a)(1) of this section or an agreement described in subsection (a)(4) of this section) in any quarter shall be considered to be a reduction in the amount expended under the State plan in the quarter for medical assistance for purposes of section 1396b(a)(1) of this title.

Health Care Authority Medicaid Drug Rebate Policy

#### C. PREPARING MEDICAID DRUG REBATE INVOICES

1. No later than 60 days after the end of the calendar quarter, HCA will prepare and transmit an invoice using the CMS-R-144 State Invoice format to each labeler participating in the drug rebate program. HCA will also transmit a copy of form CMS-R-144 to CMS and to the Office of Financial Recovery (OFR).
3. Invoices must reflect only those drugs reimbursed in the reporting period (quarter).

Invoices must not include any NDCs paid for under:

- Public Health Service drug pricing agreements;
- State-funded only General Assistance programs; Other state-funded only programs; or
- Other federal non-Medicaid funded drug programs.

**2014-032                    The Health Care Authority made improper Medicaid inpatient high outlier payments to hospitals.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Control Units
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$78,049

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion during fiscal year 2014, more than \$5.9 billion of which was spent by the Health Care Authority.

At the federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program, and in the state of Washington the Health Care Authority is the single state agency to administer the Medicaid program.

Hospitals can receive the following type of payments:

- Case-based
- Diagnosis-Related Group (DRG) - based prospective payments
- A set amount of dollars per day of inpatient stay (per-diem)
- Fees for individual services (fee-for-service)

DRG payment amounts are calculated based on a payment rate referred to as the DRG conversion factor. The Authority establishes a DRG conversion factor for each hospital.

High outlier payments are additional supplemental payments to hospitals approved by the CMS to compensate hospitals for unusually expensive cases where the cost of care is

extraordinarily high in relation to the average cost of treating comparable conditions or illnesses. The actual determination of whether a case qualifies for an outlier payment takes into account both operating and capital costs (estimated cost of claim) and DRG payments. The high outlier payments are calculated using the high outlier adjustment factor effective on the date of admission.

To qualify as a high outlier, the estimated costs of the inpatient claim must be:

- Greater than \$50,000; and
- Above the outlier threshold calculated by multiplying the inpatient claim's predetermined allowed amount by the specific outlier adjustment factor effective for the date of admission.

The portion of the estimated claim costs above the calculated outlier threshold is eligible to receive a high outlier payment. The final payment amount is determined by multiplying the estimated cost above the threshold with the outlier adjustment factor in effect at the time.

In fiscal year 2014, the Authority paid \$53 million for 611 high outlier claims.

In our prior audit, we found that the Authority made improper high outlier payments to hospitals. The Authority included denied services when determining high outlier payments because Washington Administrative Code did not specify that the denied services should be excluded. The Authority also did not ensure rate changes were applied to all eligible inpatient claims. The prior finding number is 2013-023.

### **Description of Condition**

Using data mining techniques, we identified 172 high outlier claims that contained denied charges. We reviewed the ten claims that contained the highest denied charge amounts and confirmed that denied charges were included in the calculation of the payment, resulting in a total overpayment of \$156,097.

In addition, we randomly selected 46 claims out of 439 that contained no denied charges. We identified four high outlier claims that were calculated using an incorrect DRG conversion factor, resulting in a total underpayment of \$9,378.

### **Cause of Condition**

During the audit period, the Authority made changes to the Washington Administrative Code specifically for the exclusion of denied charges, but the new Code did not go into effect until after the audit period.

The Authority did not ensure the correct DRG Conversion factor was entered correctly in the provider payment system, which resulted in incorrect outlier payment calculations.

## **Effect of Condition and Question Costs**

The Authority made improper inpatient high outlier payments to hospitals totaling \$156,097. We are questioning \$78,049, which is the federal portion of the unallowable costs.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

## **Recommendation**

We recommend the Authority:

- Ensure denied services are removed prior to calculating high outlier payments.
- Ensure DRG conversion factors are implemented accurately.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of questioned costs.

## **Authority's Response**

*This finding was repeated because the corrective action initiated in response to last year's finding was not completed by June 30, 2014.*

- *The Authority has revised WAC 182-550-3700 (1)(b) and changed the payment system to align with the auditor's calculation methodology. Changes were effective July 1, 2014.*
- *The Authority initiated action to correct the four high outlier payments identified by the auditor that were paid with an incorrect DRG conversion factor. As part of this process, questioned costs will be automatically reimbursed to the U.S. Department of Health and Human Services through the ProviderOne payment system. This correction is expected to be completed by May 1, 2015.*
- *The Authority has reallocated the inpatient program workload in order to allow additional capacity for monitoring system and rate changes. All changes are now reviewed by Authority staff for accuracy.*

## **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (c) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

42 US Code § 1395ww (d)(5)(A)(i) states:

For discharges occurring during fiscal years ending on or before September 30, 1997, the Secretary shall provide for an additional payment for a subsection (d) hospital for any discharge in a diagnosis-related group, the length of stay of which exceeds the mean length of stay for discharges within that group by a fixed number of days, or exceeds such mean length of stay by some fixed number of standard deviations, whichever is the fewer number of days.

42 CFR 412.80, Outlier cases: General provisions, (a) Basic rule, states in part:

- (3) *Discharges occurring on or after October 1, 2001.* For discharges occurring on or after October 1, 2001, except as provided in paragraph (b) of this section concerning transfers, CMS provides for additional payment, beyond standard DRG payments and beyond additional payments for new medical services or technology specified in §§412.87 and 412.88, to a hospital for covered inpatient hospital services furnished to a Medicare beneficiary if the hospital's charges for covered services, adjusted to operating costs and capital costs by applying cost-to-charge ratios as described in §412.84(h), exceed the DRG payment for the case (plus payments for indirect costs of graduate medical education (§412.105), payments for serving a disproportionate share of low-income patients (§412.106), and additional payments for new medical services or technologies) plus a fixed dollar amount (adjusted for geographic variation in costs) as specified by CMS.

42 CFR 412.84, Payment for extraordinarily high-cost cases (cost outliers), states in part:

- (a) A hospital may request its intermediary to make an additional payment for inpatient hospital services that meet the criteria established in accordance with §412.80(a).
- (b) The hospital must request additional payment—
  - (1) With initial submission of the bill; or
  - (2) Within 60 days of receipt of the intermediary's initial determination.
- (c) Except as specified in paragraph (e) of this section, an additional payment for a cost outlier case is made prior to medical review.
- (d) As described in paragraph (f) of this section, the QIO reviews a sample of cost outlier cases after payment. *The charges for any services identified as noncovered*

through this review are denied and any outlier payment made for these services are recovered, as appropriate, after a determination as to the provider's liability has been made.

WAC 182-550-3700 (previous version), DRG high-cost and low-cost outliers, and new system DRG and per diem high outliers, states in part:

- (14) For dates of admission on and after August 1, 2007, the department allows a high outlier payment for claims paid using the DRG payment method when high outlier qualifying criteria are met. The estimated costs of the claim are calculated by multiplying the total submitted charges, *minus the noncovered charges on the claim*, by the hospital's ratio of costs-to-charges (RCC) rate. The department identifies a DRG high outlier claim based on the claim's estimated costs. To qualify as a DRG high outlier claim, the department's estimated costs for the claim must be greater than both the fixed outlier cost threshold of fifty thousand dollars, and one hundred seventy-five percent of the applicable base DRG allowed amount for payment. These criteria are also used to determine if a transfer claim qualifies for high outlier payment when a transfer claim is submitted to the department by a transferring hospital.

WAC 182-550-3700 DRG high outliers, states in part:

- (1) The agency identifies a diagnosis-related group (DRG) high outlier claim based on the claim's estimated costs. The agency allows a high outlier payment for claims paid using the DRG payment method when high outlier criteria are met.
  - (a) To qualify as a DRG high outlier claim, the estimated costs for the claim must be greater than the outlier threshold effective for the date of admission...
  - (b) The agency calculates the estimated costs of the claim by multiplying the total submitted charges, minus the nonallowed charges on the claim, by the hospital's ratio of costs-to-charges (RCC).
  - (c) When a transferring hospital submits a transfer claim to the agency, the high outlier criteria used to determine whether the claim qualifies for high outlier payment is the DRG allowed amount for the claim before the transfer payment reduction.
- (2) The agency calculates the high outlier payment by multiplying the hospital's estimated cost above threshold (CAT) by the outlier adjustment factor. The outlier adjustment factors, which vary by dates of admission and inpatient payment policy, are depicted in the table at the end of this subsection.
  - (a) For inpatient claims paid under the all-patient-diagnosis-related group (AP-DRG), the agency uses a separate outlier adjustment factor for:
    - (i) Pediatric services, including all claims submitted by children-specialty hospitals;
    - (ii) Burn services; and
    - (iii) Nonpediatric services.
  - (b) For inpatient claims paid under the all-patient refined-DRG (APR-DRG), the agency uses a separate outlier adjustment factor for a:

- (i) Severity of illness (SOI) of one or two; or
  - (ii) SOI of three or four...
- (3) For state-administered programs (SAP), the agency applies the hospital-specific ratable to the outlier adjustment factor...

WAC 182-550-1050 Hospital services definitions contains:

"Nonallowed service or charge" - A service or charge billed by the provider as noncovered or denied by the agency. This service or charge cannot be billed to the client except under the conditions identified in WAC 182-502-0160.



**2014-033                      The Health Care Authority made overpayments to providers for Medicaid dental services.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Control Units
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed Allowable Costs/Costs Principles
<b>Questioned Cost Amount:</b>	\$336,999

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion during fiscal year 2014.

In fiscal year 2014 the Authority paid \$272 million for dental services.

States are required to provide dental benefits to children covered by Medicaid, but states choose whether to provide dental benefits for adults. Medicaid covers dental services for all child enrollees as part of a comprehensive set of benefits, referred to as the Early and Periodic Screening, Diagnostic and Treatment benefit. This benefit provides comprehensive and preventive health care services for children under age 21 who are enrolled in Medicaid.

The Medicaid claim adjudication and payment process is highly automated. The Authority relies heavily on internal controls within the ProviderOne payment system, the State of Washington Medicaid Management Information System, to identify and deny claims when charges are unallowable or billed improperly by dental providers.

In our prior audit we recommended the Authority implement adequate internal controls within its ProviderOne system to detect and prevent improper and unallowable claims submitted by dental providers. We also recommended the Authority ensure the Medicaid

Provider Guide is consistent with the Washington Administrative Code. The prior finding number is 2013-027.

### **Description of Condition**

In our current audit we found the Authority's system is still not effectively designed to prevent improperly billed claims from being paid. We did determine that the Authority changed the Washington Administrative Code effective April 30, 2014, to align with the Medicaid Provider Guide. We selected specific dental services and performed tests to determine whether the payments made to providers were allowable.

#### Fluoride Treatments

As of July 1, 2013, Medicaid covered the following fluoride treatments:

- Up to three applications in a year for clients six years of age and younger.
- Up to two applications in a year for clients between seven and 18 years of age.
- For clients 19 years of age and older, one application in a year, unless the client is developmentally disabled. For these clients the program covers up to three applications in a 12 month period, regardless of the client's age.

The state Code was amended effective April 30, 2014, and now allows the same number of treatments listed above per client, but also per provider or clinic. For example, if over a course of a year, the same client visits two different providers who both apply three applications of fluoride, Medicaid would pay for a total of six fluoride applications for that same client.

In fiscal year 2014, \$10.7 million was paid to Medicaid providers for fluoride treatments.

Using data mining techniques, we identified 15,201 claims totaling \$228,115 paid to providers for fluoride applications that exceeded the allowed number covered by Medicaid.

#### Dental Cleanings (Prophylaxis)

Medicaid covers dental cleanings (prophylaxis) once every six-months for clients 18 years of age or younger and once every 12 months for clients 19 years of age and older. If the client is developmentally disabled, Medicaid covers up to three cleanings in a 12 month period, regardless of the client's age.

According to the Medicaid Provider Guide, prophylaxis is covered when it is performed at least six months after periodontal scaling and root planning, or periodontal maintenance services for clients from 13 to 18 years of age and at least 12 months after for clients 19 years of age and older. Prophylaxis is not reimbursed separately when performed on the same date of service as periodontal scaling and root planning, periodontal maintenance, gingivectomy, or gingivoplasty.

In fiscal year 2014, \$14.9 million was paid to Medicaid providers for prophylaxis treatments.

Using data mining techniques, we identified 770 claims totaling \$25,469 paid to providers for cleanings that exceeded the allowed number covered by Medicaid.

#### Oral Evaluation Services

Comprehensive oral evaluations are covered once per client, per provider or clinic, as an initial examination.

Periodic oral evaluations are covered once every six months per client. To be allowable for payment, six months must elapse between when a client received a comprehensive oral evaluation and their first periodic oral evaluation.

The state Code changed effective April 30, 2014, and now allows the same number of treatments for periodic oral evaluations listed above per client, but also per provider or clinic. If a client is developmentally disabled, Medicaid covers up to three periodic oral evaluations in a 12 month period, regardless of the client's age.

In fiscal year 2014, approximately \$18.1 million was paid to providers for these evaluations.

Using data mining techniques, we identified 13,727 claims totaling \$374,135 for evaluations that exceeded the allowed number covered by Medicaid. The following table summarizes the number of clients who received more than the allowed number of periodic oral evaluations and comprehensive oral evaluations and the amounts overpaid to providers for these claims.

Description	Number of Claims	Unallowable Payments
Payments exceeding once every six months for periodic oral evaluations.	11,053	\$304,658
Payments for periodic oral evaluation occurring less than six months after comprehensive oral evaluation.	2,621	\$67,749
Payments exceeding once from the same provider for comprehensive oral evaluation.	53	\$1,728
<b>Total overpaid to providers</b>	<b>13,727</b>	<b>\$374,135</b>

#### Oral Hygiene Instruction

Medicaid covers oral hygiene instruction, with some restrictions. We reviewed claims for oral hygiene instruction for clients who are eight years of age and younger. Oral hygiene instruction is covered once every six months and up to two times within a 12-month period. Oral hygiene instruction is also covered when not performed on the same date of service as prophylaxis.

In fiscal year 2014, approximately \$248,000 was paid to Medicaid providers for oral hygiene instruction.

Using data mining techniques, we identified 113 claims totaling \$1,442 where providers were paid for oral hygiene instruction that exceeded the allowed number covered by Medicaid.

### Family Oral Health Education

Medicaid covers family oral health education when limited to one visit per day, per family, and up to two visits per child in a 12-month period, per provider or clinic. In fiscal year 2014, Medicaid paid providers over \$3.3 million for family oral health education.

We identified 1,627 claims totaling \$44,836 where providers were paid for family oral health education that exceeded the allowed number covered by Medicaid.

### **Cause of Condition**

We noted inconsistencies between the state Code, the Authority's Medicaid Provider Guide and the State Plan for some dental services. We also found that some automated controls within ProviderOne did not operate effectively. Authority management is aware of these issues and is in the process of correcting them.

### **Effect of Condition and Questioned Costs**

In total, the Authority made payments of \$673,997 for services that were not allowable. We are questioning \$336,999, which is the federal portion of the unallowable payments.

### **Recommendation**

We recommend the Authority:

- Ensure the Medicaid provider guide is consistent with the state Code and State Plan.
- Develop adequate internal controls within its ProviderOne system to detect and prevent improper and unallowable claims submitted by dental providers.
- Recover the \$336,999 in unallowable claims paid to the dental providers.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of questioned costs.

### **Authority's Response**

*The Authority acknowledges that the Washington Administrative Code (WAC) was not always consistent with the Medicaid Provider Guide, and that not all dental services paid for complied with the WACs. We appreciate the State Auditor's Office's identifying these inconsistencies so they can be corrected.*

*As the State Auditor's Office reports, the Authority has revised WAC 182-535-1082 to clarify when fluoride treatments will be covered. The Authority has also revised WAC 182-535-1080 to clarify when comprehensive and periodic oral evaluations are covered. These changes were implemented in response to the audit finding published in March 2014, and were*

*effective May 1, 2014. The WACs are now consistent with the State Plan and the Medicaid Provider Guide.*

*The Authority has updated the automated controls in the ProviderOne payment system to incorporate edits needed to ensure payments are made consistent with state rules and the Medicaid State Plan. These system edits will prevent payments when the allowable number of comprehensive or periodic oral evaluations has been exceeded. Rules in the Provider One system governing payments for dental services were updated for both previously identified issues and newly discovered issues.*

### **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (d) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

The OMB Circular A-133 Compliance Supplement (June 2014), *Part 3 – Compliance Requirements*, states in part:

#### Improper Payments

Under OMB guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, Federal agencies are required to take actions to prevent improper payments, review Federal awards for such payments, and, as applicable, reclaim improper payments. Improper payment means:

1. Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments or

underpayments that are made to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for the incorrect amount, and duplicate payments).

2. Any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments where authorized by law).
3. Any payment that an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation.

WAC 182-535-1079 Dental-related services -- General, states in part effective 5/18/12-4/29/14):

- (1) . . . The agency pays for dental-related services and procedures provided to eligible clients when the services and procedures:
  - (a) Are part of the client's dental benefit package;
  - (b) Are within the scope of an eligible client's medical care program;
  - (c) Are medically necessary;
  - (d) Meet the agency's prior authorization requirements, if any;
  - (e) Are documented in the client's record in accordance with chapter 182-502 WAC;
  - (f) Are within accepted dental or medical practice standards;
  - (g) Are consistent with a diagnosis of dental disease or condition;
  - (h) Are reasonable in amount and duration of care, treatment, or service; and
  - (i) Are listed as covered in the agency's rules and published billing instructions and fee schedules.

WAC 182-535-1079 Dental-related services -- General, states in part (effective 4/30/14):

- (1) . . . The agency pays for dental-related services and procedures provided to eligible clients when the services and procedures:
  - (a) Are part of the client's dental benefit package;
  - (b) Are within the scope of an eligible client's Washington apple health (WAH) program;
  - (c) Are medically necessary;
  - (d) Meet the agency's prior authorization requirements, if any;
  - (e) Are documented in the client's record in accordance with chapter 182-502 WAC;
  - (f) Are within accepted dental or medical practice standards;
  - (g) Are consistent with a diagnosis of dental disease or condition;
  - (h) Are reasonable in amount and duration of care, treatment, or service; and
  - (i) Are listed as covered in the agency's rules and published billing instructions and fee schedules.

WAC 182-535-1080 Covered dental-related services-Diagnostic, states in part (effective 5/18/12-4/29/14):

Clients described in WAC 182-535-1060 are eligible to receive the dental-related diagnostic services listed in this section, subject to coverage limitations, restrictions, and client-age requirements identified for a specific service.

(1) Clinical oral evaluations. The agency covers:

- (a) Oral health evaluations and assessments.
- (b) Periodic oral evaluations as defined in WAC 182-535-1050, once every six months. Six months must elapse between the comprehensive oral evaluation and the first periodic oral evaluation.
- (d) Comprehensive oral evaluations as defined in WAC 182-535-1050, once per client, per provider or clinic, as an initial examination. The agency covers an additional comprehensive oral evaluation if the client has not been treated by the same provider or clinic within the past five years.

WAC 182-535-1080 Dental-related services-Covered-Diagnostic, states in part (effective 4/30/14):

Clients described in WAC 182-535-1060 are eligible to receive the dental-related diagnostic services listed in this section, subject to coverage limitations, restrictions, and client age requirements identified for a specific service.

(1) Clinical oral evaluations. The agency covers the following oral health evaluations and assessments, per client, per provider or clinic:

- (a) Periodic oral evaluations as defined in WAC 182-535-1050, once every six months. Six months must elapse between the comprehensive oral evaluation and the first periodic oral evaluation.
- (c) Comprehensive oral evaluations as defined in WAC 182-535-1050, once per client, per provider or clinic, as an initial examination. The agency covers an additional comprehensive oral evaluation if the client has not been treated by the same provider or clinic within the past five years.

WAC 182-535-1082 Covered dental-related services-Preventative services, states in part (effective 5/18/12-4/29/14):

Clients described in WAC 182-535-1060 are eligible for the dental-related preventive services listed in this section, subject to coverage limitations and client-age requirements identified for a specific service.

(1) Dental prophylaxis. The agency covers prophylaxis as follows. Prophylaxis:

- (a) Includes scaling and polishing procedures to remove coronal plaque, calculus, and stains when performed on primary or permanent dentition.
- (b) Is limited to once every:
  - (i) Six months for clients eighteen years of age and younger; and
  - (ii) Twelve months for clients nineteen years of age and older.
- (c) Is reimbursed only when the service is performed:

- (i) At least six months after periodontal scaling and root planing, or periodontal maintenance services, for clients from thirteen to eighteen years of age; and
  - (ii) At least twelve months after periodontal scaling and root planing, periodontal maintenance services, for clients nineteen years of age and older.
- (d) Is not reimbursed separately when performed on the same date of service as periodontal scaling and root planing, periodontal maintenance, gingivectomy, or gingivoplasty.
- (e) Is covered for clients of the division of developmental disabilities according to (a), (c), and (d) of this subsection and WAC 182-535-1099.
- (2) Topical fluoride treatment. The agency covers:
  - (a) Fluoride rinse, foam or gel, including disposable trays, for clients six years of age and younger, up to three times within a twelve-month period.
  - (b) Fluoride rinse, foam or gel, including disposable trays, for clients from seven to eighteen years of age, up to two times within a twelve-month period.
  - (c) Fluoride rinse, foam or gel, including disposable trays, up to three times within a twelve-month period during orthodontic treatment.
  - (d) Fluoride rinse, foam or gel, including disposable trays, for clients from nineteen to sixty-four years of age, once within a twelve-month period.
  - (e) Fluoride rinse, foam or gel, including disposable trays, for clients sixty-five years of age and older who reside in alternate living facilities, up to three times within a twelve-month period.
  - (f) Additional topical fluoride applications only on a case-by-case basis and when prior authorized.
  - (g) Topical fluoride treatment for clients of the division of developmental disabilities according to WAC 182-535-1099.
- (1) Oral hygiene instruction. The agency covers:
  - (a) Oral hygiene instruction only for clients eight years of age and younger.
  - (b) Oral hygiene instruction, no more than once every six months, up to two times within a twelve-month period.
  - (c) Individualized oral hygiene instruction for home card to include tooth brushing technique, flossing, and use of oral hygiene aides.
  - (d) Oral hygiene instruction only when not performed on the same date of service as prophylaxis.
  - (e) Oral hygiene instruction only when provided by a licensed dentist or a licensed dental hygienist and the instruction is provided in a setting other than a dental office or clinic.

WAC 182-535-1082 Dental-related services-Covered-Preventative services, states in part (effective 4/30/14):

Clients described in WAC 182-535-1060 are eligible for the dental-related preventive services listed in this section, subject to coverage limitations and client-age requirements identified for a specific service.



- (1) Dental prophylaxis. The agency covers prophylaxis as follows. Prophylaxis:
  - (a) Includes scaling and polishing procedures to remove coronal plaque, calculus, and stains when performed on primary or permanent dentition.
  - (b) Is limited to once every:
    - (i) Six months for clients eighteen years of age and younger;
    - (ii) Twelve months for clients nineteen years of age and older; or
    - (iii) Four months for a client residing in a nursing facility.
  - (c) Is reimbursed only when the service is performed:
    - (i) At least six months after periodontal scaling and root planing, or periodontal maintenance services, for clients from thirteen to eighteen years of age;
    - (ii) At least twelve months after periodontal scaling and root planing, periodontal maintenance services, for clients nineteen years of age and older; or
    - (iii) At least six months after periodontal scaling and root planing, or periodontal maintenance services for clients who reside in a nursing facility.
  - (d) Is not reimbursed for separately when performed on the same date of service as periodontal scaling and root planing, periodontal maintenance, gingivectomy, or gingivoplasty.
  - (e) Is covered for clients of the developmental disabilities administration of the department of social and health services (DSHS) according to (a), (c), and (d) of this subsection and WAC 182-535-1099.
- (2) Topical fluoride treatment. The agency covers the following per client, per provider or clinic:
  - (a) Fluoride rinse, foam or gel, fluoride varnish, including disposable trays, for clients six years of age and younger, up to three times within a twelve-month period.
  - (b) Fluoride rinse, foam or gel, fluoride varnish, including disposable trays, for clients from seven through eighteen years of age, up to two times within a twelve-month period.
  - (c) Fluoride rinse, foam or gel, fluoride varnish, including disposable trays, up to three times within a twelve-month period during orthodontic treatment.
  - (d) Fluoride rinse, foam or gel, fluoride varnish, including disposable trays, for clients nineteen years of age and older, once within a twelve-month period.
  - (e) Fluoride rinse, foam or gel, fluoride varnish, including disposable trays, for clients who reside in alternate living facilities as defined in WAC 182-513-1301, up to three times within a twelve-month period.
  - (f) Additional topical fluoride applications only on a case-by-case basis and when prior authorized.
  - (g) Topical fluoride treatment for clients of the developmental disabilities administration of DSHS according to WAC 182-535-1099.
- (3) Oral hygiene instruction. Includes individualized instruction for home care such as tooth brushing technique, flossing, and use of oral hygiene aids. The agency covers oral hygiene instruction as follows:

- (a) For clients eight years of age and younger. For clients nine years of age and older, oral hygiene instruction is included as part of the global fee for oral prophylaxis.
- (b) Once every six months, up to two times within a twelve-month period.
- (c) Only when not performed on the same date of service as prophylaxis.
- (d) Only when provided by a licensed dentist or a licensed dental hygienist and the instruction is provided in a setting other than a dental office or clinic.

WAC 182-535-1099 Covered dental-related services for clients of the division of developmental disabilities, states in part (effective 5/18/12-4/29/14):

Subject to coverage limitations, restrictions, and client-age requirements identified for a specific service, the agency pays for the dental-related services listed under the categories of services in this section that are provided to clients of the division of developmental disabilities. This chapter also applies to clients of the division of developmental disabilities, regardless of age, unless otherwise stated in this section.

(1) Preventive services.

- (a) Dental prophylaxis. The agency covers dental prophylaxis or periodontal maintenance up to three times in a twelve-month period (see subsection (3) of this section for limitations on periodontal scaling and root planing).
- (b) Topical fluoride treatment. The agency covers topical fluoride varnish, rinse, foam or gel, up to three times within a twelve-month period.

WAC 182 535-1099 Dental-related services for clients of the developmental disabilities administration of the department of social and health services, states in part (effective 4/30/14):

Subject to coverage limitations, restrictions, and client-age requirements identified for a specific service, the agency pays for the dental-related services listed under the categories of services in this section that are provided to clients of the developmental disabilities administration of the department of social and health services (DSHS). This chapter also applies to clients any age of the developmental disabilities administration of DSHS, unless otherwise stated in this section.

(1) Preventive services.

- (a) Periodic oral evaluations. The agency covers periodic oral evaluations up to three times in a twelve-month period.
- (b) Dental prophylaxis. The agency covers dental prophylaxis or periodontal maintenance up to three times in a twelve-month period (see subsection (3) of this section for limitations on periodontal scaling and root planing).
- (c) Topical fluoride treatment. The agency covers topical fluoride varnish, rinse, foam or gel, up to three times within a twelve-month period, per client, per provider or clinic.

WAC 182-535-1245 Access to baby and child dentistry (ABCD) program, states in part (effective 7/1/11-4/29/14):

The access to baby and child dentistry (ABCD) program is a program established to increase access to dental services for medicaid-eligible clients ages five and younger...

- (3) The department pays enhanced fees only to ABCD-certified dentists and other department-approved certified providers for furnishing ABCD program services. ABCD program services include, when appropriate:
  - (a) Family oral health education. An oral health education visit:
    - (i) Is limited to one visit per day per family, up to two visits per child in a twelve-month period, per provider or clinic;

WAC 182-535-1245 Access to baby and child dentistry (ABCD) program, states in part (effective 4/30/14)

The access to baby and child dentistry (ABCD) program is a program established to increase access to dental services for medicaid-eligible clients ages five and younger. .

- (3) The agency pays enhanced fees only to ABCD-certified dentists and other agency-approved certified providers for furnishing ABCD program services. ABCD program services include, when appropriate:
  - (a) Family oral health education. An oral health education visit:
    - (i) Is limited to one visit per day per family, up to two visits per child in a twelve-month period, per provider or clinic; and

**2014-034**

**State law requiring Medicaid data exchanges with health insurers is not being followed.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Control Units
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	None

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion in federal and state funds during fiscal year 2014. The Health Care Authority (Authority) administers the Medicaid program for the state of Washington.

Medicaid is the "payer of last resort", meaning other payment sources should be exhausted before claims are paid by Medicaid. Third-party liability refers to the legal obligation of third-party resources, usually insurance companies, to pay medical and pharmaceutical claims for clients prior to Medicaid coverage becoming effective. 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 of services before Medicaid dollars are used.

The federal Deficit Reduction Act of 2005 requires health insurers to provide states with eligibility and coverage information that will allow Medicaid agencies to determine whether clients have third-party coverage. The Act requires states, as a condition of receiving Medicaid funding, to enact laws requiring health insurers doing business in that state to provide the eligibility and coverage information upon the request of the state.

To comply with this requirement, the state Legislature passed RCW 74.09A in 2007 that requires the Authority to provide Medicaid client eligibility and coverage information to health insurers. As a condition of doing business with the state, the insurers are required to use that information to identify Medicaid clients with third-party coverage and provide those results to the Authority. The law requires the exchange of data to occur not less than twice per year.

Since 2008, we have reported findings regarding lack of internal controls over and noncompliance with the federal Deficit Reduction Act of 2005 and state law. Prior audit finding numbers were: 2013-020, 12-49, 11-38, 10-40, 09-19 and 08-25.

### **Description of Condition**

The Centers for Medicare and Medicaid Services developed the Payor Initiated Eligibility/Benefit (PIE) Transaction. This federal standard can be used by health insurers to transmit eligibility and benefit information to the Authority. The Authority implemented this transaction format in July 2013. During the audit period, the Authority sent letters to 10 major health insurers to invite them to begin exchanging data as required by state law. The Authority has specifically begun to work with three of the insurers to initiate data sharing.

However, as of June 30, 2014, no required data exchanges occurred nor did any insurance carriers use the information made available by the Authority to identify joint beneficiaries, as required by RCW 74.09A.

### **Cause of Condition**

The Authority believes it has no authority to compel private insurance carriers to participate in the data exchange.

We consider the condition described above to constitute significant non-compliance with federal grant requirements and, as a result, a material weakness in internal controls.

### **Effect of Condition**

When Medicaid clients with additional insurance coverage are not identified in a timely manner, the Authority is at a higher risk of paying claims that should be covered by other insurers.

### **Recommendation**

We recommend the Authority work with the Office of Insurance Commissioner, the Office of Financial Management and the Legislature to bring the state in compliance with state law.

### **Authority's Response**

*The Authority meets all requirements of RCW 74.09A by making data available to all insurers to use for Third Party Liability (TPL) reporting and by matching data directly with those*

*insurers most likely to provide third party coverage to Medicaid recipients. Data exchanges occur in real time and insurers throughout the State participate by providing information and making electronic data available to the State Medicaid program.*

*In addition, the Authority has taken steps to enhance data sharing to ensure that we continue to have strong TPL identification processes in place. Those additional efforts include:*

- Implementation of the Payer Initiated Eligibility/Benefit Transaction (PIE) in July 2013 and subsequent communication with major insurers in Washington requesting their participation in implementation of the PIE transaction and electronic sharing of TPL data. PIE is the national standard format for data sharing prescribed by the federal government. To date, the Authority is actively working with three large carriers for implementation of the PIE transaction. The Authority will work with the Office of the Insurance Commissioner to identify opportunities to promote additional carrier implementation of the PIE transaction format and electronic data exchange.*
- Maintaining a contract with HMS, a vendor that provides supplemental identification of TPL not previously identified by HCA. HMS leverages their expansive carrier network to match Medicaid data with third party coverage; their National Eligibility Database contains over 1 billion health insurance coverage records, including more than 5.4M (89%) of Washington residents. Their team works closely with carriers to implement new data sharing agreements and expand the data they receive for data matching with the Washington Eligibility file to identify the legal liabilities of third parties. HMS receives carrier data as frequently as daily and weekly; most carrier data exchanges occur monthly. Carrier data exchanges occur electronically via secure file transfer. This contract with HMS supplements the Authority's data matching capabilities and further ensures compliance with the DRA and applicable state law.*

*The Authority will contact the Office of Insurance Commissioner and the Office of Financial Management to discuss options for enhancing direct insurer participation.*

### **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### **Section 300**

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with

laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance

requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 42, United States Code, Part 1396a(a)(25) indicates that a State plan for medical assistance must “provide”:

- (A) that the State or local agency administering such plan will take all reasonable measures to ascertain the legal liability of third parties (including health insurers, self-insured plans, group health plans (as defined in section 1167(1) of U.S.C. Title 29), service benefit plans, managed care organizations, pharmacy benefit managers, or other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service) to pay for care and services available under the plan, including--
  - (i) the collection of sufficient information (as specified by the Secretary in regulations) to enable the State to pursue claims against such third parties, with such information being collected at the time of any determination or redetermination of eligibility for medical assistance, and
  - (ii) the submission to the Secretary of a plan (subject to approval by the Secretary) for pursuing claims against such third parties, which plan shall be integrated with, and be monitored as a part of the Secretary's review of, the State's mechanized claims processing and information retrieval systems required under section 1396b(r) of this title;
- (B) that in any case where such a legal liability is found to exist after medical assistance has been made available on behalf of the individual and where the amount of reimbursement the State can reasonably expect to recover exceeds the costs of such recovery, the State or local agency will seek reimbursement for such assistance to the extent of such legal liability;
- (C) that in the case of an individual who is entitled to medical assistance under the State plan with respect to a service for which a third party is liable for payment, the person furnishing the service may not seek to collect from the individual (or any financially responsible relative or representative of that individual) payment of an amount for that service (i) if the total of the amount of the liabilities of third parties for that service is at least equal to the amount payable for that service under the plan (disregarding section 1396o of this title), or (ii) in an amount which exceeds the lesser of (I) the amount which may be collected under section 1396o of this



- title, or (II) the amount by which the amount payable for that service under the plan (disregarding section 1396o of this title), exceeds the total of the amount of the liabilities of third parties for that service;
- (D) that a person who furnishes services and is participating under the plan may not refuse to furnish services to an individual (who is entitled to have payment made under the plan for the services the person furnishes) because of a third party's potential liability for payment for the service;
  - (E) that in the case of prenatal or preventive pediatric care (including early and periodic screening and diagnosis services under section 1396d(a)(4)(B) of this title) covered under the State plan, the State shall--
    - (i) make payment for such service in accordance with the usual payment schedule under such plan for such services without regard to the liability of a third party for payment for such services; and
    - (ii) seek reimbursement from such third party in accordance with subparagraph (B);
  - (F) that in the case of any services covered under such plan which are provided to an individual on whose behalf child support enforcement is being carried out by the State agency under part D of subchapter IV of this chapter, the State shall--
    - (i) make payment for such service in accordance with the usual payment schedule under such plan for such services without regard to any third-party liability for payment for such services, if such third-party liability is derived (through insurance or otherwise) from the parent whose obligation to pay support is being enforced by such agency, if payment has not been made by such third party within 30 days after such services are furnished; and
    - (ii) seek reimbursement from such third party in accordance with subparagraph (B);
  - (G) that the State prohibits any health insurer (including a group health plan, as defined in section 607(1) of the Employee Retirement Income Security Act of 1974 [29 U.S.C. 1167(1)], a self-insured plan, a service benefit plan, a managed care organization, a pharmacy benefit manager, or other party that is, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service), in enrolling an individual or in making any payments for benefits to the individual or on the individual's behalf, from taking into account that the individual is eligible for or is provided medical assistance under a plan under this subchapter for such State, or any other State;
  - (H) that to the extent that payment has been made under the State plan for medical assistance in any case where a third party has a legal liability to make payment for such assistance, the State has in effect laws under which, to the extent that payment has been made under the State plan for medical assistance for health care items or services furnished to an individual, the State is considered to have acquired the rights of such individual to payment by any other party for such health care items or services; and
  - (I) that the State shall provide assurances satisfactory to the Secretary that the State has in effect laws requiring health insurers, including self-insured plans, group health plans (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974 [29 U.S.C. 1167(1)]), service benefit plans, managed care

organizations, pharmacy benefit managers, or other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service, as a condition of doing business in the State, to--

- (i) provide, with respect to individuals who are eligible (and, at State option, individuals who apply or whose eligibility for medical assistance is being evaluated in accordance with section 1396a(e)(13)(D) of this title ) for, or are provided, medical assistance under the State plan under this subchapter (and, at State option, child health assistance under subchapter XXI ), upon the request of the State, information to determine during what period the individual or their spouses or their dependents may be (or may have been) covered by a health insurer and the nature of the coverage that is or was provided by the health insurer (including the name, address, and identifying number of the plan) in a manner prescribed by the Secretary;
- (ii) accept the State's right of recovery and the assignment to the State of any right of an individual or other entity to payment from the party for an item or service for which payment has been made under the State plan;
- (iii) respond to any inquiry by the State regarding a claim for payment for any health care item or service that is submitted not later than 3 years after the date of the provision of such health care item or service; and
- (iv) agree not to deny a claim submitted by the State solely on the basis of the date of submission of the claim, the type or format of the claim form, or a failure to present proper documentation at the point-of-sale that is the basis of the claim, if-
  - (I) the claim is submitted by the State within the 3-year period beginning on the date on which the item or service was furnished; and
  - (II) any action by the State to enforce its rights with respect to such claim is commenced within 6 years of the State's submission of such claim;

Revised Code of Washington (RCW) 74.09A.005 states:

The legislature finds that:

- (1) Simplification in the administration of payment of health benefits is important for the state, providers, and health insurers;
- (2) The state, providers, and health insurers should take advantage of all opportunities to streamline operations through automation and the use of common computer standards;
- (3) It is in the best interests of the state, providers, and health insurers to identify all third parties that are obligated to cover the cost of health care coverage of joint beneficiaries; and
- (4) Health insurers, as a condition of doing business in Washington, must increase their effort to share information with the authority and accept the authority's timely claims consistent with 42 U.S.C. 1396a(a)(25).

Therefore, the legislature declares that to improve the coordination of benefits between the health care authority and health insurers to ensure that medical insurance benefits are properly utilized, a transfer of information between the

authority and health insurers should be instituted, and the process for submitting requests for information and claims should be simplified.

RCW 74.09A.020 states:

Computerized information — Provision to health insurers.

1. The authority shall provide routine and periodic computerized information to health insurers regarding client eligibility and coverage information. Health insurers shall use this information to identify joint beneficiaries. Identification of joint beneficiaries shall be transmitted to the authority. The authority shall use this information to improve accuracy and currency of health insurance coverage and promote improved coordination of benefits.
2. To the maximum extent possible, necessary data elements and a compatible database shall be developed by affected health insurers and the authority. The authority shall establish a representative group of health insurers and state agency representatives to develop necessary technical and file specifications to promote a standardized database. The database shall include elements essential to the authority and its population's health insurance coverage information.
3. If the state and health insurers enter into other agreements regarding the use of common computer standards, the database identified in this section shall be replaced by the new common computer standards.
4. The information provided will be of sufficient detail to promote reliable and accurate benefit coordination and identification of individuals who are also eligible for authority programs.
5. The frequency of updates will be mutually agreed to by each health insurer and the authority based on frequency of change and operational limitations. In no event shall the computerized data be provided less than semiannually.
6. The health insurers and the authority shall safeguard and properly use the information to protect records as provided by law, including but not limited to chapters 42.48, 74.09, 74.04, 70.02, and 42.56 RCW, and 42 U.S.C. Sec. 1396a and 42 C.F.R. Sec. 43 et seq. The purpose of this exchange of information is to improve coordination and administration of benefits and ensure that medical insurance benefits are properly utilized.
7. The authority shall target implementation of this section to those health insurers with the highest probability of joint beneficiaries.

RCW 74.09A.030 Duties of health insurers – Providing information – Payments –Claims – Costs and fees.

Health insurers, as a condition of doing business in Washington, must:

- (1) Provide, with respect to individuals who are eligible for, or are provided, medical assistance under chapter [74.09](#) RCW, upon the request of the authority, information to determine during what period the individual or their spouses or their dependants may be, or may have been, covered by a health insurer and the nature of coverage that is or was provided by the health insurer,

including the name, address, and identifying number of the plan, in a manner prescribed by the authority;

- (2) Accept the authority's right to recovery and the assignment to the authority of any right of an individual or other entity to payment from the party for an item or service for which payment has been made under chapter [74.09](#) RCW;
- (3) Respond to any inquiry by the authority regarding a claim for payment for any health care item or service that is submitted not later than three years after the date of the provision of such health care item or service;
- (4) Agree not to deny a claim submitted by the authority solely on the basis of the date of submission of the claim, the type or format of the claim form, or a failure to present proper documentation at the point-of-sale that is the basis of the claim, if:
  - (a) The claim is submitted by the authority within the three-year period beginning on the date the item or service was furnished; and
  - (b) Any action by the authority to enforce its rights with respect to such claim is commenced within six years of the authority's submission of such claim; and
- (5) Agree that the prevailing party in any legal action to enforce this section receives reasonable attorneys' fees as well as related collection fees and costs incurred in the enforcement of this section.

**2014-035**

**The Health Care Authority did not properly calculate a Medicaid Electronic Health Record incentive payment.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Control Units
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	None

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion in federal and state funds during fiscal year 2014, more than \$5.9 billion of which was spent by the Health Care Authority.

The Medicaid Electronic Health Record (EHR) Incentive Program is a state-federal initiative designed to promote the use of electronic records to improve care, reduce costs and increase provider-to-provider communication across the health care industry. This program provides payments to eligible professionals, eligible hospitals and critical access hospitals as they adopt, implement, upgrade or demonstrate meaningful use of certified EHR technology. The eligible hospital EHR payments are calculated using a one-time calculation for the total incentive payment that is then distributed over four years.

The Improper Payment Act states a payment is an improper payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments).

## **Description of Condition**

The calculation used for the Medicaid hospital EHR payment uses a discharge-related amount that is based on a hospital's total number of inpatient acute care discharges and then increases or decreases that discharge figure by an average annual rate of growth. Hospitals are given a discharge add-on of \$200 for discharges between 1,150 and 23,000.

We found one hospital did not receive the add-on for discharges up to 23,000 despite having total discharges exceeding 37,000.

## **Cause of Condition**

The hospital had a negative annual growth factor that was applied to the maximum discharge add on of 23,000, instead of being applied to the total discharges of 37,000.

The Authority was unaware that the hospitals negative average annual growth rate should be applied to the hospital's actual discharges and instead, trended down the number of discharges that were eligible for the add-on incentive.

## **Effect of Condition**

The hospital has been underpaid \$76,615 through state fiscal year 2014.

## **Recommendation**

We recommend the Authority correct the calculation and pay the hospital the proper incentive payment.

## **Authority's Response**

*The Authority appreciates the time and review of SAO into the Medicaid Incentive Payment Program. As of 2/2/2015, the Health Care Authority has paid out \$253,810,355.00 to 87 eligible hospitals and 5,127 eligible providers as part of this federal program. The underpayment represents a tiny fraction of the payouts and is limited to a specific condition that only applied to one hospital. At the time of program implementation in 2011 the discharge calculation process was not completely defined and fiscal staff were required to use their best judgment for determining hospital payments. Many rules have been clarified since program implementation and we agree that the total payment was under-calculated in this instance.*

*Because hospital payouts occur over a four year timeframe, this hospital had not yet received its final payment. The year four payment has now been adjusted to reflect the total payout under the new calculation and no additional payouts are required.*

## **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

OMB Circular A-133 Compliance Supplement for 2013, *Part 3 – Compliance Requirements*, states in part:

### Improper Payments

Under OMB guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, Federal agencies are required to take actions to prevent improper payments, review Federal awards for such payments, and, as applicable, reclaim improper payments. Improper payment means:

1. Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.
2. Incorrect amounts are overpayments or underpayments that are made to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for the incorrect amount, and duplicate payments).
3. Any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments where authorized by law).
4. Any payment that an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation.

42 CFR 495.310 Medicaid Provider Incentive Payments, states in part:

- (g) Calculation of the aggregate EHR hospital incentive amount. The aggregate EHR hospital incentive amount is calculated as the product of the (overall EHR amount) times (the Medicaid Share).

- (1) Overall EHR amount. The overall EHR amount for an eligible hospital is based upon a theoretical 4 years of payment the hospital would receive based, for each of such 4 years, upon the product of the following:
  - (i) Initial amount. The initial amount is equal to the sum of—
    - (A) The base amount which is set at \$2,000,000 for each of the theoretical 4 years; plus
    - (B) The discharge-related amount for a 12-month period selected by the State, but ending in the Federal fiscal year before the hospital's fiscal year that serves as the first payment year.

The discharge-related amount is the sum of the following, with discharges over the 12-month period and based upon the total discharges for the eligible hospital (regardless of any source of payment):

- (1) For the first through 1,149th discharge, \$0.
- (2) For the 1,150th through the 23,000th discharge, \$200.
- (3) For any discharge greater than the 23,000th, \$0.
- (C) For purposes of calculating the discharge-related amount under paragraph (g)(1)(i)(B) of this section, for the last 3 of the theoretical 4 years of payment, discharges are assumed to increase by the provider's average annual rate of growth for the most recent 3 years for which data are available per year. Negative rates of growth must be applied as such.
- (ii) Medicare share. The Medicare share, which equals 1.
- (iii) Transition factor. The transition factor which equals as follows:
  - (A) For the first of the theoretical 4 years, 1.
  - (B) For the second of the theoretical 4 years,  $\frac{3}{4}$ .
  - (C) For the third of the theoretical 4 years,  $\frac{1}{2}$ .
  - (D) For the fourth of the theoretical 4 years,  $\frac{1}{4}$ .
- (2) Medicaid share. The Medicaid share specified under this paragraph for an eligible hospital is equal to a fraction—
  - (i) The numerator of which is the sum (for the 12-month period selected by the State and with respect to the eligible hospital) of—
    - (A) The estimated number of inpatient-bed-days which are attributable to Medicaid individuals; and
    - (B) The estimated number of inpatient- bed-days which are attributable to individuals who are enrolled in a managed care organization, a pre-paid inpatient health plan, or a pre-paid ambulatory health plan under part 438 of this chapter; and
  - (ii) The denominator of which is the product of—
    - (A) The estimated total number of inpatient- bed-days with respect to the eligible hospital during such period; and
    - (B) The estimated total amount of the eligible hospital's charges during such period, not including any charges that are attributable to charity



care, divided by the estimated total amount of the hospital's charges during such period.

- (iii) In computing inpatient-bed-days under paragraph (g)(2)(i) of this section, a State may not include estimated inpatient-bed-days attributable to individuals with respect to whom payment may be made under Medicare Part A, or inpatient-bed-days attributable to individuals who are enrolled with a Medicare Advantage organization under Medicare Part C.
- (h) Approximate proxy for charity care. If the State determines that an eligible provider's data are not available on charity care necessary to calculate the portion of the formula specified in paragraph (g)(2)(ii)(B) of this section, the State may use that provider's data on uncompensated care to determine an appropriate proxy for charity care, but must include a downward adjustment to eliminate bad debt from uncompensated care data. The State must use auditable data sources.
- (i) Deeming. In the absence of the data necessary, with respect to an eligible hospital the amount described in paragraph (g)(2)(ii)(B) of this section must be deemed to be 1. In the absence of data, with respect to an eligible hospital, necessary to compute the amount described in paragraph (g)(2)(i)(B) of this section, the amount under such clause must be deemed to be 0.

**2014-036**

**The Health Care Authority made improper payments to Medicaid Federally Qualified Health Center providers.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Control Units
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed
	Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$104,488

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion during fiscal year 2014, more than \$5.9 billion of which was spent by the Health Care Authority.

Federally Qualified Health Centers (FQHC) are "safety net" providers such as community health centers, public housing centers, outpatient health programs funded by the Indian Health Services and programs serving migrants and the homeless. The main purpose of an FQHC is to enhance the provision of primary care services in underserved urban and rural communities.

With few exceptions, an FQHC is paid based on a client encounter with a provider from their center regardless of the number or type of procedures provided during the encounter. An encounter is defined as a face-to-face visit between a client and a qualified FQHC provider who exercises independent judgment when providing services that qualify for an encounter rate.

When the encounter rate is established for each FQHC, incidental services are factored into the encounter rate. Those services should not be billed separately as a fee-for-service.

Services not factored into the encounter rate are paid at the appropriate fee schedule amount as a fee-for-service.

Encounters are limited to one per client per day except in the following circumstances:

- The client needs to be seen on the same day by different practitioners with different specialties; or
- The client needs to be seen multiple times on the same day due to unrelated diagnoses.

During fiscal year 2014, the Authority paid more than \$195 million to FQHC providers.

In our prior audits, we found that the Authority made improper payments to Federally Qualified Health Centers due to lack of sufficient system edits within its ProviderOne system. Prior finding numbers are 2013-026 and 2012-45.

### **Description of Condition**

We found the Authority made improper payments to FQHC providers totaling \$104,488.

The table below summarizes the results of our testing:

Description	Questioned costs		
	State	Federal	Total
Fee-for-service claims were paid in addition to encounter payments.	\$66,402	\$66,402	\$132,804
Encounter payments were made for encounter ineligible claims.	\$35,992	\$35,992	\$71,984
More than one encounter payment was made for the same client.	\$2,094	\$2,094	\$4,188
<b>Total</b>	<b>\$104,488</b>	<b>104,488.00</b>	<b>\$208,976</b>

### **Cause of Condition**

The Medicaid claim adjudication and payment process is highly automated. The Authority relies heavily on internal controls within ProviderOne, Washington's Medicaid Management Information System, to identify and deny claims when charges are unallowable or billed improperly by FQHC providers.

In response to our prior findings, the Authority stated that it worked on developing new system edits which would better prevent overpayments and improper billings by providers. The new system edits were not fully implemented during the audit period.

## **Effect of Condition and Question Costs**

The Authority made improper payments to FQHC providers totaling \$208,976. We are questioning \$104,488, which is the federal portion of the unallowable costs.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support its expenditures.

## **Recommendation**

We recommend the Authority:

- Develop adequate system edits within its ProviderOne system to detect and prevent improper and unallowable claims submitted by FQHC providers.
- Recoup overpayments to FQHC providers.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

## **Authority's Response**

*The Health Care Authority makes every effort to ensure all \$5.9 billion Medicaid payments are always complete and accurate. We appreciate the State Auditor's Office efforts to assist through their audits.*

*The Authority will initiate action through the Office of Payment Integrity to recoup payments made in error that were discovered in this audit, and will consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.*

*The Office of Medicaid Systems and Data (OMSD) is finalizing system updates that will help prevent overpayments. The system edits are complex but, once implemented, will eliminate paying fee-for-service claims in addition to encounter payments, paying for ineligible encounter claims. We anticipate that the system changes will take effect in June 2015.*

*The last error identified, paying for more than one encounter payment for the same client, was an isolated issue not related to a system-wide defect. That issue has also been corrected, and the \$4,188.07 overpayment has already been collected.*

## **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-133 Compliance Supplement for 2013, *Part 3 – Compliance Requirements*, states in part:

Improper Payments

Under OMB guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, Federal agencies are required to take actions to prevent improper payments, review Federal awards for such payments, and, as applicable, reclaim improper payments. Improper payment means:

- 5. Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.
- 6. Incorrect amounts are overpayments or underpayments that are made to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for the incorrect amount, and duplicate payments).
- 7. Any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments where authorized by law).
- 8. Any payment that an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation.

Washington Administrative Code 182-548-1400, Federally qualified health centers – Reimbursement and limitations, states in part:

- (8) The agency limits encounters to one per client, per day except in the following circumstances:
  - (a) The visits occur with different health care professionals with different specialties; or
  - (b) There are separate visits with unrelated diagnoses.
- (9) FQHC services and supplies incidental to the provider's services are included in the encounter rate payment.

**2014-037                      The Health Care Authority improperly claimed Children’s Health Insurance Program federal funds for eligible Medicaid expenditures.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Control Units
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed or Unallowed Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$17,397

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state’s largest program and accounts for approximately one third of the state’s federal expenditures. The state Medicaid program spent approximately \$9.3 billion during fiscal year 2014, more than \$5.9 billion of which was spent by the Health Care Authority.

In Washington, Medicaid and the Children’s Health Insurance Program (CHIP) provide medical assistance for children up to 19 years of age who reside in low-income households. Both programs are jointly funded by the state and federal government. The state is reimbursed for approximately 65 percent of its CHIP expenditures and 50 percent of Medicaid expenditures.

Medicaid expenditures for children who reside in households with income between 133 percent and 200 percent of the federal poverty level are eligible for additional CHIP funding. If the Medicaid costs have already been claimed and reimbursed, the state submits a claim for the difference between the CHIP and Medicaid rates.

The Authority identifies the Medicaid expenditures eligible for additional CHIP funding by performing a data match between eligible client data and Medicaid fee-for-service and managed care payment data.

In state fiscal year 2014, the Authority claimed more than \$21 million in CHIP funds based on the eligibility of children in the Medicaid program.

### **Description of Condition**

We obtained all fee-for-service and managed care payments in which the Authority claimed additional CHIP funds.

To determine if payments were eligible for additional CHIP funding we reviewed 98 fee-for-service payments. We randomly selected a sample of 80 payments and also reviewed the 18 most expensive payments. In addition, we randomly selected 39 managed care payments to review.

We found one fee-for-service payment for \$73,126 was not eligible for additional CHIP funds. The Authority incorrectly claimed \$10,969 in CHIP funds for this payment.

We also found that the Authority miscalculated a request for additional CHIP funds, which resulted in the Authority overdrawing \$6,428. The Authority identified the overdrawn amount prior to our audit. However, it failed to return the overdrawn amount to the federal government.

### **Cause of Condition**

The Authority used specific criteria to determine which claims were eligible for additional CHIP funding. We found the criteria being used was not complete. For the overdrawn amount, the Authority believed that it already completed all corrections and returned the overdrawn amount to the federal government.

### **Effect of Condition and Questioned Costs**

In total, we are questioning \$17,397 in costs.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support its expenditures.

### **Recommendation**

We recommend the Authority:

- Ensure correct data matching criteria is used to identify Medicaid expenditures which are eligible for additional CHIP funds.

- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

### **Authority's Response**

*The Authority acknowledges CHIP federal funds should not have been claimed for the fee-for-service payment identified by the State Auditor's Office. Federal regulations state that family income must equal or exceed 133 percent of the federal poverty level to be eligible. In this instance the family income calculation was rounded up to 133 percent; it did not actually equal or exceed 133 percent.*

*With the implementation of the Affordable Care Act (ACA) on October 1, 2014, CHIP eligibility is now determined using payment rules in accordance with ACA rules. Income determinations are now rounded down rather than rounded up.*

*The Authority has returned the \$6,428 in overdrawn funds to the federal government, and will consult with the U.S. Department of Health and Human Services to discuss repayment of the remaining questioned costs.*

### **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (e) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:  
... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

Sec.2105. [42 U.S.C. 1397ee] Payments states in part:

- (g) Authority for qualifying states to use certain funds for Medicaid expenditures. -  
(1) State option.—



- (A) In general.—Notwithstanding any other provision of law subject to paragraph (4), a qualifying State (as defined in paragraph (2)) may elect to use not more than 20 percent of any allotment under section 1397dd of this title for fiscal year 1998, 1999, 2000, 2001, 2004, 2005, 2006, 2007, or 2008 (insofar as it is available under subsections (e) and (g) of such section) for payments under subchapter XIX of this chapter in accordance with subparagraph (B), instead of for expenditures under this subchapter .
- (B) Payments to states.—
- (i) In general.—In the case of a qualifying State that has elected the option described in subparagraph (A), subject to the availability of funds under such subparagraph with respect to the State, the Secretary shall pay the State an amount each quarter equal to the additional amount that would have been paid to the State under subchapter XIX of this chapter with respect to expenditures described in clause (ii) if the enhanced FMAP (as determined under subsection (b) of this section) had been substituted for the Federal medical assistance percentage (as defined in section 1396d(b) of this title).
  - (ii) Expenditures described.—For purposes of this subparagraph, the expenditures described in this clause are expenditures, made after August 15, 2003, and during the period in which funds are available to the qualifying State for use under subparagraph (A), for medical assistance under subchapter XIX of this chapter to individuals who have not attained age 19 and whose family income exceeds 150 percent of the poverty line.
  - (iii) No impact on determination of budget neutrality for waivers.—In the case of a qualifying State that uses amounts paid under this subsection for expenditures described in clause (ii) that are incurred under a waiver approved for the State, any budget neutrality determinations with respect to such waiver shall be determined without regard to such amounts paid.
- (2) Qualifying state.—In this subsection, the term “qualifying State” means a State that, on and after April 15, 1997, has an income eligibility standard that is at least 184 percent of the poverty line with respect to any 1 or more categories of children (other than infants) who are eligible for medical assistance under section [1396a\(a\)\(10\)\(A\)](#) of this title or, in the case of a State that has a statewide waiver in effect under section 1315 of this title with respect to subchapter XIX of this chapter that was first implemented on August 1, 1994, or July 1, 1995, has an income eligibility standard under such waiver for children that is at least 185 percent of the poverty line, or, in the case of a State that has a statewide waiver in effect under section 1315 of this title with respect to subchapter XIX of this chapter that was first implemented on January 1, 1994, has an income eligibility standard under such waiver for children who lack health insurance that is at least 185 percent of the poverty line, or, in the case of a State that had a statewide waiver in effect under section 1315 of this title with respect to subchapter XIX of this chapter that was first implemented on October 1, 1993, had an income eligibility standard

under such waiver for children that was at least 185 percent of the poverty line and on and after July 1, 1998, has an income eligibility standard for children under section [1396a\(a\)\(10\)\(A\)](#) of this title or a statewide waiver in effect under section 1315 of this title with respect to subchapter XIX of this chapter that is at least 185 percent of the poverty line.

- (3) Construction.—Nothing in paragraphs (1) and (2) shall be construed as modifying the requirements applicable to States implementing State child health plans under this subchapter.
- (4) Option for allotments for fiscal years 2009 through 2015.—
  - (A) Payment of enhanced portion of matching rate for certain expenditures.—

In the case of expenditures described in subparagraph (B), a qualifying State (as defined in paragraph (2)) may elect to be paid from the State's allotment made under section 1397dd of this title for any of fiscal years 2009 through 2015 (insofar as the allotment is available to the State under subsections (e) and (m) of such section) an amount each quarter equal to the additional amount that would have been paid to the State under subchapter XIX with respect to such expenditures if the enhanced FMAP (as determined under subsection (b)) had been substituted for the Federal medical assistance percentage (as defined in section [1396d\(b\)](#) of this title).
  - (B) Expenditures described.—For purposes graph (A), the expenditures described in this subparagraph are expenditures made after February 4, 2009, and during the period in which funds are available to the qualifying State for use under subparagraph (A), for the provision of medical assistance to individuals residing in the State who are eligible for medical assistance under the State plan under subchapter XIX or under a waiver of such plan and who have not attained age 19 (or, if a State has so elected under the State plan under subchapter XIX, age 20 or 21), and whose family income equals or exceeds 133 percent of the poverty line but does not exceed the Medicaid applicable income level.

**2014-038**

**The Health Care Authority did not have adequate controls in place to ensure all Medicaid critical access hospitals were paid accurately.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls Units
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Allowable Costs/Costs Principles
<b>Questioned Cost Amount:</b>	None

## **Background**

Medicaid is a jointly funded state and federal partnership providing health coverage for low-income individuals who otherwise might go without medical care. At the federal level, the Centers for Medicare & Medicaid Services (CMS), the fiscal intermediary, administers the program. The Health Care Authority administers the Medicaid program for the state of Washington.

The Critical Access Hospital Program was created by the 1997 federal Balanced Budget Act as a safety net device to ensure rural beneficiaries are able to access healthcare services. In the state of Washington, the certification of critical access hospitals is administered by the Department of Health. Currently, the state has 39 Department of Health Medicare-certified and Authority approved hospitals, which receive cost-based reimbursement instead of the rates set by prospective payment systems or fee schedules. The cost-based reimbursement method is designed to allow more flexible staffing options relative to community needs, simplify billing methods and create incentives to develop local integrated health delivery systems.

In fiscal year 2014, the HCA paid more than \$70 million to critical access hospitals.

Over the course of a year, the hospitals receive estimated payments that are calculated based on historical costs. The estimated payments are provisional in nature and subject to interim and final settlement after the end of the hospitals' fiscal year.

All hospitals are required to submit cost reports to CMS within six months after the end of the cost reporting period, or after the end of their fiscal year. Critical access hospitals are also required to submit a copy of their “as-filed” version of the Medicare cost report and its corresponding revenue codes to the Authority for the cost settlement for its most recently completed hospital fiscal year. In addition, hospitals are required to submit the “final settled” cost report received from CMS to the Authority by the 60th day of the hospital's receipt of the approved report. Interim and final cost settlements are performed to reconcile claim payments to first the “as-filed” and then the “finalized” cost reports.

Current critical access hospital claims are paid based on estimated cost-to-charge ratios derived from two year old cost report data. The interim and final settlements are intended to ensure hospitals are paid accurately.

In our prior audit, we reported in a finding that the Authority did not perform final settlements on cost reports even though approved reports were available. The prior finding number is 2013-021.

### **Description of Condition**

In our current audit, we performed follow-up work and found the Authority did not perform final settlements on the 70 cost reports included in the prior year’s finding. Furthermore, we found the Authority did not perform final settlements on an additional 28 approved cost reports available in the federal Hospital Cost Report Information System.

### **Cause of Condition**

Due to staff changes within the Critical Access Hospital unit and a significant upgrade to the unit’s settlement model, the Authority did not take corrective action during fiscal year 2014 and did not perform any final cost settlements during the audit period.

We consider this control deficiency to be a material weakness.

### **Effect of Condition**

If payments made to critical care hospitals are greater than total reimbursable costs, the lack of final settlements could reduce Medicaid resources available for other Medicaid services. Conversely, if payments already made to critical access hospitals are less than total reimbursable costs, underpayments for a prolonged period could affect the quality of services hospitals provide to Medicaid clients.

### **Recommendation**

We recommend the Authority:

- Establish adequate internal controls to monitor the status of final Medicare approved cost reports and perform final settlements timely.

- Perform final settlements on 98 Medicare approved cost reports as required by WAC 182-550-2598 (11).

### **Authority's Response**

*This finding was repeated because the corrective action initiated in response to last year's finding was not completed by June 30, 2014. The Authority hired a staff person in May 2014 to work on final settlements, and can now report that corrective action is complete. All 98 settlements identified above were completed before December 31, 2014. In addition, 23 hospitals not identified in this audit had final settlement by December 31, 2014.*

*The Authority has also established the following internal controls to ensure all Critical Access Hospitals' (CAH) costs are settled timely:*

- *CAH program staff now check the federal Hospital Cost Report Information System for finalized cost reports on a monthly basis and initiate the reports for final settlement.*
- *The CAH model was revamped to ensure efficient and accurate final settlements.*

### **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or

regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in internal controls over compliance in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

WAC 182-550-2598, Critical access hospitals (CAHs), states:

- (1) The following definitions and abbreviations and those found in WAC 388-500-0005 and 388-550-1050 apply to this section:
  - (a) "CAH," see "critical access hospital."
  - (b) "Cost settlement" means a reconciliation of the fee-for-service interim CAH payments with a CAH's actual costs determined in conjunction with the use of the CAH's final settled medicare cost report (Form 2552-96) after the end of the CAH's HFY.
  - (h) "Interim CAH payment" means the actual payment the department makes for claims submitted by a CAH for service provided during its current HFY, using the appropriate DWCC rate, as determined by the department.
- (3) The department pays an eligible CAH for inpatient and outpatient hospital services provided to fee-for-service medical assistance clients on a cost basis (except when services are provided in a distinct psychiatric unit, a distinct rehabilitation unit, or detoxification unit), using departmental weighted costs-

to-charges (DWCC) rates and a retrospective cost settlement process. The department pays CAH fee-for-service claims subject to retrospective cost settlement, adjustments such as a third party payment amount, any client responsibility amount, etc.

- (4) For inpatient and outpatient hospital services provided to clients enrolled in a managed care organization (MCO) plan, DWCC rates for each CAH are incorporated into the calculations for the managed care capitated premiums. The department considers managed care Health Options and MHD designee DWCC payment rates to be cost. Cost settlements are not performed by the department for managed care claims.
- (5) The department prospectively calculates fee-for-service and managed care inpatient and outpatient DWCC rates separately for each CAH.
  - (a) Prior to the department's calculation of the prospective interim inpatient DWCC and outpatient DWCC rates for each hospital participating in the CAH program, the CAH must timely submit the following to the department:
    - (i) Within twenty working days of receiving the request from the department, the CAH's estimated aggregate charge master change for its next HFY;
    - (ii) At the time that the "as filed" version of the medicare cost report the CAH initially submits to the medicare fiscal intermediary for the cost settlement of its most recently completed HFY, a copy of that same medicare cost report;
    - (iii) At the same time that the "as filed" version of the medicare cost report the CAH has submitted to the medicare fiscal intermediary for cost settlement of its most recently completed HFY, the CAH's corresponding revenue codes and procedure codes to cost centers crosswalk that indicates the revenue codes and procedure codes that are assigned by each hospital to a specific cost center in the hospital's medicare cost report;
    - (iv) At the same time that the "as filed" version of the medicare cost report the CAH has submitted to the medicare fiscal intermediary for cost settlement of its most recently completed HFY, a document indicating any differences between the CAH's revenue codes and procedure codes to cost centers crosswalk and the standard revenue codes and procedure codes to cost centers crosswalk that the department provides to the CAH from the department's CAH DWCC rate calculation model. (For example, a CAH hospital might indicate when it submits its crosswalk to the department, that a difference exists in the CAH's placement of statistics for the anesthesia revenue code normally identified to the anesthesia cost center in the department's CAH DWCC rate calculation model, but identified to the surgery cost center in the CAH's submitted medicare cost report.)
  - (c) The department:
    - (i) Obtains from its medicaid management information system (MMIS), the following fee-for-service summary claims data submitted by each

CAH for services provided during the same HFY identified in (a)(ii) of this subsection:

- (A) Medical assistance program codes;
  - (B) Inpatient and outpatient hospital claim types;
  - (C) Procedure codes (for outpatient hospital claims only), revenue codes, and diagnosis related group (DRG) codes (for inpatient claims only);
  - (D) Claim allowed charges, third party liability, client paid amounts, and department paid amounts; and
  - (E) Units of service.
- (ii) Obtains Level III trauma payment data from the department of health (DOH).
  - (iii) Obtains the costs-to-charges ration (CCR) of each respective cost center from the "as filed" version of the Medicare cost report identified in (a)(ii) of this subsection, supplemented by any crosswalk information as described in (a)(iii) and (a)(iv) of this subsection.
  - (iv) Obtains from the managed care encounter data the following data submitted by each CAH for services provided during the same HFY identified:
    - (A) Medical assistance program codes;
    - (B) Inpatient and outpatient hospital claim types;
    - (C) Procedure codes (for outpatient hospital claims only), revenue codes, and diagnosis related group (DGR) codes (for inpatient claims only); and
    - (D) Claim allowed charges.
  - (v) Separates the inpatient claims data and outpatient hospital claims data;
  - (vi) Obtains the cost center claim allowed charges by classifying inpatient and outpatient hospital claim allowed charges from (c)(i) and (c)(iv) of this subsection billed by a CAH (using any one of, or a combination of, procedure codes, revenue codes, or DRG codes) into the related cost center in the CAH's "as filed" medicare cost report the CAH initially submits to the department.
  - (vii) Uses the claims classifications and cost center combinations as defined in the department's CAH DWCC rate calculation model;
  - (viii) Assigns a CAH that does not have a cost center ratio that CAH's cost center average;
  - (ix) Allows changes only if a revenue codes and procedure codes to cost centers crosswalk has been timely submitted (see (a)(iii), (a)(iv), and (b)(i) of this subsection) and a cost center average is being used;
  - (x) Does not allow an unbundling of cost centers (see (b)(ii) of this subsection);
  - (xi) Determines the departmental-weighted costs for each cost center by multiplying the cost center's claim allowed charges from (c)(i) and (c)(iv) of this subsection for the appropriate inpatient or outpatient claim type by the related service costs center ratio;
  - (xii) Sums all:



- (A) Claim allowed charges from (c)(i) and (c)(iv) of this subsection separately for inpatient hospital claims.
  - (B) Claim allowed charges from (c)(i) and (c)(iv) of this subsection separately for outpatient hospital claims.
- (xiii)Sums all:
  - (A)Departmental-weighted costs from (c)(xi) of this subsection separately for inpatient hospital claims.
  - (B) Departmental-weighted costs from (c)(xi) of this subsection separately for outpatient hospital claims.
- (xiv)Multiplies each hospital's total departmental-weighted costs from (c)(xiii) of this subsection by the centers for medicare and medicaid services (CMS) medicare market basket inflation rate to update costs from the HFY to the rate setting period. The medicare market basket inflation rate is published and updated by CMS periodically;
- (xv)Multiplies each hospital's total claim allowed charges from (c)(xii) of this subsection by the CAH estimated charge master change from (a)(i) of this subsection. If the charge master change factor is not submitted timely by the hospital (see (a)(i) of this subsection), the department will apply a reasonable alternative factor; and
- (xvi)Determines:
  - (A)The inpatient DWCC rates by dividing the calculation result from (c)(xiv) of this subsection by the calculation result from (c)(xv) of this subsection.
  - (B) The outpatient DWCC rates by dividing the calculation result from (c)(xiv) of this subsection by the calculation result from (c)(xv) of this subsection.
- (10)For fee-for-service claims only, the department uses the same methodology as outlined in subsection (5) of this section to perform an interim retrospective cost settlement for each CAH after the end of the CAH's HFY, using "as filed" medicare cost report data from that HFY that is being cost settled, the other documents identified in subsection (5)(a)(i), (a)(iii) and (a)(iv) of this section, when data from the MMIS related to fee-for-service claims. Specifically, the department:
  - (a) Compares actual department total interim CAH payments to the departmental-weighted CAH fee-for-service costs for the period being cost settled. (Interim payments are the sum of third party liability/client payments, department claim payments, and Level III trauma payments); and
  - (b) Pays the hospital the difference between CAH costs and interim CAH payments if actual CAH costs are determined to exceed the total interim CAH payments for that period. The department recoups from the hospital the difference between CAH costs and interim CAH payments if actual CAH costs are determined to be less than total interim CAH payments.
- (11)The department performs finalized cost settlements using the same methodology as outlined in subsection (10) of this section, except that the department uses the hospital's "final settled" medicare cost report instead of the

initial "as filed" medicare cost report for the HFY being cost settled. The "final settled" medicare cost report received from the medicare fiscal intermediary must be submitted by the CAH to the department by the sixtieth day of the hospital's receipt of that medicare cost report.

(15)The department may conduct a post pay or on-site review of any CAH.

**2014-039**                    **The Health Care Authority did not have adequate controls in place to investigate Medicaid service verification surveys returned in a foreign language.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Control Units
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A    Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Special Tests and Provisions - Utilization Control and Program Integrity
<b>Questioned Cost Amount:</b>	None

## **Background**

The state Medicaid program spent approximately \$9.3 billion in federal and state funds in fiscal year 2014. More than \$5.9 billion of these funds were spent by the Health Care Authority. Federal regulations require states to have processes in place to verify with Medicaid clients whether they actually received services billed by providers. This intent is to improve program integrity and identify potential fraud and abuse in the Medicaid program.

Federal regulations do not require 100 percent verification; a sampling method may be used. The Authority selects claims to verify every 45 days.

The Authority sends clients a Medical Services Verification survey asking if they received certain services. Staff review surveys that are returned and follows up when questions about the legitimacy of a claim arise. Regulations require the Authority to follow up on surveys when clients indicate they did not receive the service or paid for the service listed out of their own pocket and conduct a preliminary investigation to determine if there is sufficient information to warrant a full investigation.

If credible suspicions of fraud or abuse are identified, the Authority is required to forward that information to the State Attorney General's Office, Medicaid Fraud Control Unit, for investigation.

In prior audits we reported findings regarding service verification surveys. The prior finding numbers were: 11-39, 12-54 and 2013-031.

### **Description of Condition**

In fiscal year 2014, the Authority sent out 5,905 verifications, of which 1,727 (29 percent) were returned.

We found the Authority received 212 survey responses written in a foreign language (approximately 12 percent of the total responses received) that were not translated and reviewed.

In addition, 29 (14 percent) of the foreign language verifications returned indicated services may not have been provided or that the client may have paid for the services out of their own pocket. These responses are identified as “negative responses”. The Authority did not perform a review or refer them for further investigation.

### **Cause of Condition**

The Authority stated it does not have the resources to use translators during the verification process.

We consider this internal control deficiency to be a material weakness.

### **Effect of Condition**

The lack of adequate follow-up on foreign language surveys increases the risk that Medicaid fraud may go undetected and cause the Authority to be out of compliance with federal requirements.

### **Recommendation**

We recommend the Authority strengthen its survey review process to include a follow-up on all negative responses that require translation.

### **Authority’s Response**

*The State Auditor’s Office correctly identified 29 surveys written in a foreign language either answered “no” or did not answer the question, “Did you receive this service?” The dollar amount of services included in these 29 surveys totaled \$1,570.08. The Authority acknowledges the oversight in not following up, and has now made arrangements to use professional translation services to follow up on negative survey responses written in a foreign language.*

## **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
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- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

42 CFR 433.116, FFP for operation of mechanized claims processing and information retrieval systems, states in part:

- (a) Subject to paragraph (j) of this section, FFP is available at 75 percent of expenditures for operation of a mechanized claims processing and information retrieval system approved by CMS, from the first day of the calendar quarter after the date the system met the conditions of initial approval, as established by CMS (including a retroactive adjustment of FFP if necessary to provide the 75 percent rate beginning on the first day of that calendar quarter). Subject to 45 CFR 95.611(a), the State shall obtain prior written approval from CMS when it plans to acquire ADP equipment or services, when it anticipates the total acquisition costs will exceed thresholds, and meets other conditions of the subpart.
- (b) CMS will approve the system operation if the conditions specified in paragraphs (c) through (i) of this section are met.
- (c) The conditions of §433.112(b) (1) through (4) and (7) through (9), as periodically modified under §433.112(b)(2), must be met.
- (d) The system must have been operating continuously during the period for which FFP is claimed.
- (e) The system must provide individual notices, within 45 days of the payment of claims, to all or a sample group of the persons who received services under the plan.
- (f) The notice required by paragraph (e) of this section—
  - (1) Must specify—
    - (i) The service furnished;
    - (ii) The name of the provider furnishing the service;
    - (iii) The date on which the service was furnished; and
    - (iv) The amount of the payment made under the plan for the service; and
  - (2) Must not specify confidential services (as defined by the State) and must not be sent if the only service furnished was confidential.
- (g) The system must provide both patient and provider profiles for program management and utilization review purposes.
- (h) If the State has a Medicaid fraud control unit certified under section 1903(q) of the Act and §455.300 of this chapter, the Medicaid agency must have

procedures to assure that information on probable fraud or abuse that is obtained from, or developed by, the system is made available to that unit. (See §455.21 of this chapter for State plan requirements.)

Title 42, Code of Federal Regulations, Section 455.1 Basic and scope, states:

This part sets forth requirements for a State fraud detection and investigation program, and for disclosure of information on ownership and control.

- (a) Under the authority of sections 1902(a)(4), 1903(i)(2), and 1909 of the Social Security Act, Subpart A provides State plan requirements for the identification, investigation, and referral of suspected fraud and abuse cases. In addition, the subpart requires that the State—
  - (1) Report fraud and abuse information to the Department; and
  - (2) Have a method to verify whether services reimbursed by Medicaid were actually furnished to beneficiaries.
- (b) Subpart B implements sections 1124, 1126, 1902(a)(36), 1903(i)(2), and 1903(n) of the Act. It requires that providers and fiscal agents must agree to disclose ownership and control information to the Medicaid State agency.
- (c) Subpart C implements section 1936 of the Act. It establishes the Medicaid Integrity Program under which the Secretary will promote the integrity of the program by entering into contracts with eligible entities to carry out the activities of subpart C.

Title 42, Code of Federal Regulations, Section 455.14 Preliminary investigation, states:

If the agency receives a complaint of Medicaid fraud or abuse from any source or identifies any questionable practices, it must conduct a preliminary investigation to determine whether there is sufficient basis to warrant a full investigation.

Title 42, Code of Federal Regulations, Section 455.15 Full investigation, states:

If the findings of a preliminary investigation give the agency reason to believe that an incident of fraud or abuse has occurred in the Medicaid program, the agency must take the following action, as appropriate:

- (a) If a provider is suspected of fraud or abuse, the agency must—
  - (1) In States with a State Medicaid fraud control unit certified under subpart C of part 1002 of this title, refer the case to the unit under the terms of its agreement with the unit entered into under §1002.309 of this title; 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 beneficiary has defrauded the Medicaid program, the agency must refer the case to an appropriate law enforcement agency.

- (c) If there is reason to believe that a beneficiary has abused the Medicaid program, the agency must conduct a full investigation of the abuse.

42 CFR 455.20, Beneficiary verification procedure, states:

- (a) The agency must have a method for verifying with beneficiaries whether services billed by providers were received.
- (b) In States receiving Federal matching funds for a mechanized claims processing and information retrieval system under part 433, subpart C, of this subchapter, the agency must provide prompt written notice as required by §433.116 (e) and (f).



**2014-040                      The Department of Social and Health Services, Developmental Disabilities Administration, did not pay Medicaid supported living providers at authorized daily rates.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Control Units
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed or Unallowed
<b>Questioned Cost Amount:</b>	\$147
<b>Likely Questioned Cost Amount:</b>	\$36,506

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion during fiscal year 2014, more than \$5.5 billion of which was federal dollars.

Almost \$3.4 billion, in total Medicaid spending relates to the Department of Social and Health Services, which paid over \$322 million directly to supported living providers.

The Department of Social and Health Services Developmental Disabilities Administration administers the Home and Community Based Services program for people with developmental disabilities. Supported living is a core service this program offers through staff of contracted supported living providers. The instruction and support staff assists clients in activities of daily living and help the clients learn, improve, and retain the social and adaptive skills necessary to live in the community and avoid institutionalization. The Department offers four Home and Community based Services waivers:

- Basic Plus Waiver
- Children's Intensive In-home Behavioral Supports waiver
- Community Protection waiver, and
- Core waiver

Rates are developed by case managers who work with clients to perform assessments that determine the hours of support a client will need to be successful in the community. Assessments are completed at least annually and more often if there is a change in a client's condition. The rates developed during the assessments are then entered into an electronic approval spreadsheet and, once approved by the Department, the rate is manually transferred from the spreadsheet to the Social Service Payment System in an inactive status. The provider is sent an amended contract with the new rate and when a signed copy is received by the Department, the case manager manually terminates the prior rate and manually activates the new rate in the Social Service Payment System.

During our previous audit we reported the Department made payments to supported living providers at unauthorized daily rates. The prior audit finding number was 2013-039.

### **Description of Condition**

To determine whether the Department paid supporting living providers using the proper rate in fiscal year 2014, we selected and reviewed a statistically valid sample of 173 monthly payments totaling nearly \$1.3 million from the total population of 42,962 payments totaling \$322 million.

We found the Department had adequate internal controls in place to ensure daily rates paid to supported living providers for Medicaid clients were properly authorized and accurate. However, we found one payment was paid at rates greater than the authorized rates.

### **Cause of Condition**

The Department maintained sufficient monitoring and review processes to ensure that all daily rate changes were accurately transferred into the Social Service Payment System for the proper computation of authorized monthly payments to service providers.

For the exception we noted, the prior authorization was not deleted and the new, approved rate was not authorized. As a result, the incorrect rate was paid for a period of 28 days.

### **Effect of Condition and Questioned Costs**

The one payment where the Department used an inaccurate daily rate for calculating a monthly payment to a provider resulted in a \$294 unallowable payment. We are questioning \$147 of this amount, which is the federal portion of the unallowable payment.

The use of statistical sampling is widely adopted in auditing because it offers the opportunity for the auditor to obtain the minimum amount of audit evidence, which is both sufficient and appropriate, in order to form valid conclusions on the population. When we project our sample results into the entire population of Home and Community Based supported living payments, we estimate the amount of unallowable monthly payments made by the Department to supported living providers is \$73,011. We are questioning \$36,506 of this amount, which is the federal portion of the unallowable payments.

Federal regulations require us to report known and projected questioned costs greater than \$10,000 for each type of compliance requirement. We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

### **Recommendation**

We recommend the Department:

- Strengthen its data entry processes to the Social Service Payment System to ensure approved rates are used for payments to the provider.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of questioned costs.

### **Department's Response**

*The Department concurs with this finding.*

*Of the 174 monthly payments comprising the statistical sample just one overpayment in the amount of \$10.50 for a total of 28 days resulting in \$147 federal share was found. Prior review findings and our subsequent actions to resolve those findings have proven to be working. In addition, the implementation of our new payment system will prevent discrepancies.*

*In July 2014 we started reinforcing our reconciliation process by adding more frequent reviews of provider payments by rate analysts.*

*On January 1, 2015 DDA converted to the Provider 1 payment system from the SSPS payment system for processing payments to providers. This new process and payment system with the edits in place does not allow payment of two authorizations for the same client/provider location combination. The payment error that was made and discovered during this audit will not be possible with our new payment system.*

*Provider 1 will now pay an invoice greater than \$10,000 whereby split rates are now no longer needed. Typically this would be identified and corrected during our payment reconciliation process during rate settlement.*

*Any overpayment as a result of an incorrect rate is identified and repaid to the federal government through the financial recovery process. This is a scheduled ongoing standard process.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## Sample Design

The sample size consisted of 173 monthly payments from a total population of 42,962 monthly payments the Department made during the period of July 1, 2013 to June 30, 2014.

## Estimation Methodology

We used the U.S. Department of Health and Human Services, Office of Inspector General RAT-STATS appraisal program to estimate the amount of unallowable payments made to supported living providers.

## Sampling Results:

The table below shows the value of our universe, sampling frame and questioned costs:

Payments In Universe	Value of Universe	Sample Size	Value of Sample	Unallowable payments	Questioned Costs (federal share)
42,962	\$322,369,842	173	\$1,284,112	\$294	\$147

## Projection of Sampling Results

Projecting our results to the entire Home and Community Based supported living program, we estimate the amount of unallowable payments to supported living providers could range from \$294 to \$193,509.

<i>Precision at the 90-Percent Confidence Level</i>	
	<b>Variable Appraisal</b>
Midpoint	\$73,011
Lower Limit	\$294
Upper Limit	\$193,509

## Applicable Laws and Regulations

OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*,

Section 300, states in part:

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

- ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-87: Cost Principles for State, Local and Indian Tribal Governments (2 CFR Part 225); Appendix A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
  - f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
  - g. Except as otherwise provided for in 2 CFR part 225, be determined in accordance with generally accepted accounting principles.
  - h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
  - i. Be the net of all applicable credits.
  - j. Be adequately documented.

OMB Circular A-133 Compliance Supplement, Part 4 (March 2013) - Department of Health and Human Services (HHS), Medicaid Cluster, III. Compliance Requirements, states in part:

To be allowable, Medicaid costs for medical services must be: (1) covered by the State plan and waivers; (2) reviewed by the State consistent with the State's documented procedures and system for determining medical necessity of claims; (3) properly coded; and (4) paid at the rate allowed by the State plan. Additionally, Medicaid costs must be net of applicable credits (e.g., insurance, recoveries from other third parties who are responsible for covering the Medicaid costs, and drug rebates), paid to eligible providers, and only provided on behalf of eligible individuals.

Title 42, Code of Federal Regulations, Section 435.1002 FFP for services, states in part:

- (a) Except for the limitations and conditions specified in §435.1007 and §435.1008, FFP is available in expenditures for Medicaid services for all recipients whose coverage is required or allowed under this part.

- (b) FFP is available in expenditures for services provided to recipients who were eligible for Medicaid in the month in which the medical care or services were provided except that, for recipients who establish eligibility for Medicaid by deducting incurred medical expenses from income, FFP is not available for expenses that are the recipient's liability. (See §435.914 and §436.901 of this subchapter for regulations on retroactive eligibility for Medicaid.)

**2014-041**                    **The Department of Social and Health Services, Developmental Disabilities Administration, does not have adequate internal controls to ensure cost of care adjustments paid to Medicaid supported living service providers are authorized, supported and reasonable.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Controls
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed or Unallowed
<b>Questioned Cost Amount:</b>	None

## **Background**

The Department of Social and Health Services, Developmental Disabilities Administration, administers the Home and Community Based Services program for people with developmental disabilities. Supported living is a core service this program offers through staff of contracted supported living providers. The instruction and support staff assists clients in activities of daily living and help the clients learn, improve and retain the social and adaptive skills necessary to live in the community and avoid institutionalization.

The Department uses an evidence-based assessment to evaluate a client's support needs. The results of the assessment are used to calculate the number of daily direct support hours a client needs to live in the community. The assessment predicts these hours as if the client lives alone, but the vast majority of supported living clients live with other clients. Many supports, such as nighttime supervision and meal preparation, can be shared with other members of the household and the Department looks for these opportunities, called "economies of scale", to help providers care for their clients in the most time and cost-efficient manner.

When a client is temporarily out of the home, a provider can request a cost of care adjustment to cover the costs of non-variable staff support and administration necessary to maintain the residence and the client's affairs. In addition, if a client permanently leaves the household, providers can request a care adjustment to maintain the household's shared supports until a new housemate can be found.

Providers are required to submit a cost of care adjustment request form (DSHS 06-124) for a cost of care adjustment. These adjustments can be approved for up to three months. Any adjustments beyond three months must be approved by a Department regional administrator. In fiscal year 2014, the Department paid \$3,077,101 in care adjustments to 114 providers.

In our prior audit we reported a finding regarding the Department's inadequate controls to ensure care adjustments were allowable and supported. The prior audit finding number is 2013-038.

### **Description of Condition**

We randomly selected 44 care adjustment payments from a total population of 730 to determine if the Department had adequate internal controls in place to ensure the adjustments were allowable and supported. We found two adjustment forms were not properly approved by the Resource Manager. We also found four care adjustment approvals did not include justification for payments, which is needed to ensure payments were for the loss of certain economies of scale (or shared hours) and other fixed administrative costs that resulted from a temporary absence of a client.

The table below summarizes the results of our review:

<b>Description</b>	<b>Number of COCAs</b>	<b>Exception Rate</b>
Care adjustments not properly approved	2	4.5%
Care adjustments did not include proper justification	4	9.1%
<b>Total adjustments not authorized in accordance with the Department's policies and procedures</b>	<b>6</b>	<b>13.6%</b>

In total we found 6 out of 44 care adjustments (13.6 percent) were not authorized in accordance with Department policies and procedures.

### **Cause of Condition**

In our prior audit we reported a finding regarding the Department's inadequate controls to ensure cost of care adjustments were allowable and supported. To address our recommendation, the Department issued a memo to staff in an effort to strengthen internal controls over the cost of care adjustment review process. However, the Department's efforts did not become fully effective during the audit period.

We consider this control deficiency to be a material weakness.



## **Effect of Condition**

The Department cannot ensure that cost of care adjustments charged to the Medicaid program were accurate, supported and reasonable.

## **Recommendation**

We recommend the Department follow its policies and procedures to ensure cost of care adjustment payments to providers are authorized and supported.

## **Department's Response**

*The Department concurs with this finding.*

*Based on implementing guidelines on Cost of Care Adjustments (COCA) DDA now has a consistent process and effective means for reviewing and decision making. The guidelines were developed for adult services in December 2013 and in June of 2014 for children's services. The training by DDA on these new guidelines began in late December 2014 for adult services and in June for children's services. The dates of the four COCAs found during the review which did not include justification were:*

- For the adults: One on 12/5/2014 and 2 on 12/18/2014. The dates of the COCAs are around or before training started;*
- For the children: There is one and it is dated 4/11/2014. The date of this COCA is before training started for children.*

*It should be noted there were no findings for dates of services after DDA started formal training.*

*In addition, the form utilized for requesting a COCA was modified to include space for justifying the need for the COCA. This new addition to the form helps provide additional information for making a decision without additional calls or routing.*

*Since the training began, the Resource Manager (RM) Administrator has continued, and will continue, to train on COCA justification and decision making. In addition, RMs monitor justification as part of their review and they provide training to agency providers as the need arises.*

## **Auditor's Concluding Remark**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## **Applicable Laws and Regulations**

OMB 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.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.2 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in internal controls over compliance in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part [See also, 2 CFR §200.403]:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
  - f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
  - g. Except as otherwise provided for in 2 CFR part 225, be determined in accordance with generally accepted accounting principles.
  - h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
  - i. Be the net of all applicable credits.
  - j. Be adequately documented.

The DDA Policy 6.02, issued July of 2013, states in part:

#### Definitions

Cost-of-Care Adjustment means a reimbursement adjustment intended to cover the necessary costs of non-variable staff support and administration to provide services to clients when there is a temporary loss of a client served by the agency.

#### E. Cost of Care Adjustments (COCA)

1. When there is a potential COCA, the division shall consider with the contractor whether a COCA adjustment or rate reassessment for clients sharing the household is most appropriate.
2. Each COCA authorization may be approved for a maximum of three (3) months. COCAs beyond three (3) months may be approved by exception to policy by the Regional Administrator.
3. The COCA must not exceed the total daily rate of the client who temporarily left the program.
4. For adults receiving SL/GH/GTH services:
  - a. The COCA applies to existing or new programs.
  - b. The COCA may not exceed the cost of care per client when the program is operating at full capacity.

- c. A COCA may be authorized under the following circumstances:
  - i. As part of a resident “phase-in” process when a new program is being developed or an existing program is being expanded; and
  - ii. In an existing program when a client shares support hours with other clients and moves out, either permanently or temporarily, and there is no other client available to move in immediately or the client’s home must be maintained until the client’s return.

The DDA Policy 6.18, issued July of 2011, states in part:

**B. Calculation of ISS Hours**

The original residential service provider may request a cost of care adjustment up to the amount necessary to continue to support the remaining housemates for ninety (90) days. During that time every effort will be made to fill the vacancy. If it is not filled, then cost containment measures must be made.

The Resource Manager will use the rate assessment to recalculate the ISS hours and all other components of the residential rate within 90 days.

**2014-042                    The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate controls to ensure Medicaid payments to supported living service providers are allowable.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Controls
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed; Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$50,054
<b>Likely Questioned Cost Amount:</b>	\$12,430,042

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion in federal and state funds during fiscal year 2014.

Almost \$3.4 billion in total Medicaid spending relates to the Department of Social and Health Services.

The Department of Social and Health Services, Developmental Disabilities Administration, administers the Home and Community Based Services program for people with developmental disabilities. Supported living is a core service this program offers through staff of contracted supported living providers. Staff assist clients in activities of daily living and help the clients with the social and adaptive skills necessary to live in the community.

The Department pays the supported living providers a daily rate for each day of service provided to a client. The amount and type of instruction and support services a client receives are based on the client's assessed needs and may vary from a few hours per month up to 24

hours per day of one-on-one support. The majority of clients receiving supported living services require daily staff support to maintain their health and safety.

Department case managers use the Client Authorization Services Input System to authorize payment for supported living services. Based on the rates and number of days that are authorized for each client the system automatically generates a monthly service invoice and sends the invoice to the provider for validation. Providers are then responsible for either confirming that the authorized amount is correct or submitting necessary corrections or changes. The Department's payment system relies solely on provider's attestation for services provided during the month to make payments. Providers are required to maintain adequate payroll records including staff time sheets, work schedules and payroll vouchers to support payment claims.

During fiscal year 2014, the Department paid more than \$327 million to supported living services providers for the care of more than 3,876 clients.

In our prior audit we found the Department did not have adequate internal controls to ensure supported living providers maintain adequate documentation to support payments claimed for each day of service billed. The prior finding number is 2013-036, 12-39.

### **Description of Condition**

We found the Department's internal controls were still not effective to ensure Medicaid payments to supported living service providers are allowable.

We selected a random sample of 173 monthly payments totaling approximately \$1.3 million from a total population of 42,962 monthly payments. We reconciled payments with individual provider timesheets to verify if payments were adequately supported.

For 102 payments totaling \$728,002, we found \$100,107 was not supported with any payroll records. We are questioning \$50,054, which is the federal portion of the unallowable payments.

For 27 payments totaling \$180,061, we could not determine whether monthly payments were allowable because timesheets were not designed to show the number of hours provided to a specific client or household.

We consider this control deficiency to be a material weakness.

### **Cause of Condition**

During the audit period the Department began to implement a program to conduct detailed reviews of provider's payroll records to ensure reported instruction and support services hours were supported. However, the Department's efforts to bring supported living providers into compliance with time and effort requirements were not fully effective during the audit period.

## **Effect of Condition and Questioned Costs**

When we project the results of our audit tests to the entire population of supported living payments, we estimate the amount of unallowable payments to individuals could be \$24,860,083. The federal portion of this amount is \$12,430,042.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

## **Recommendation**

We recommend the Department:

- Improve internal controls by strengthening its monitoring of providers' payroll records to ensure payments to providers are adequately supported.
- Seek recovery of the funds paid to providers that did not maintain required payroll documentation.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of questioned costs.

## **Department's Response**

*The Department does not concur with this finding.*

*RCW 71A.12.060 clearly provides the Secretary of the Department of Social and Health Services (DSHS) authority to authorize payments for individuals in community residential programs. To date the Secretary has authorized a system that requires payment for the total annually contracted Instruction and Support Services (ISS) hours to be reconciled to the actual hours provided. The approved system allows for more efficient use of taxpayer resources (by allowing additional staffing for peak demand), and allows better service and flexibility (by allowing providers to move resources to meet the daily needs). The terms of this policy are further outlined in DSHS DDA Policy 6.04.*

*Using the annual cost report process (described in DDA Policy 6.04), the DSHS Developmental Disabilities (DDA) / Management Services Division (MSD) verifies that the ISS hours provided are equal to or exceed the total hours of service DDA has authorized. Through this verification system, if the actual ISS hours reported in the annual cost report are less than the total authorized hours for all clients served by the SL provider, or are not supported by documentation that shows that the reported hours were actually worked, DDA/MSD seeks recovery of any overpayment through the cost report settlement process (see DDA Policy 6.04 (III)). The system is designed to allow for resource flexibility by the SL provider throughout the year to enable the provider to meet the changing needs of the individual client. DDA requires that, over a year, clients receive all authorized ISS hours. To maintain the flexibility needed for the provider to address client needs, DDA does not require the SL provider to reconcile the delivery of the hours on a weekly or monthly basis. Through this process SL providers are audited on their entire contract. Any SAO audit finding*

*that considers a limited time frame does not accurately capture the entire delivery of service, or any corresponding annual underpayment or overpayment.*

*SL providers are required to complete an annual cost report. The cost report reconciles hours and ISS dollars authorized to hours and ISS dollars provided. A settlement is issued to any SL provider who fails to meet either standard (delivery of hours or expenditure of dollars). The SL provider attests to the accuracy of the cost report.*

*DDA has additional measures in place to further review or audit the provider cost reporting. DSHS Enterprise Risk Management Office (ERMO) will periodically audit selected providers. As part of the certification evaluation process; DSHS, Aging and Long-Term Support Administration, Residential Care Services (RCS) performs a cursory review of hours provided. If concerns are identified in the RCS certification evaluation, MSD/DDA will conduct an audit of the SL provider.*

*An additional audit/ review measure began in October 2013 when DDA/MSD dedicated an FTE to conduct audits of selected residential providers. The scope of this compliance audit includes provider reconciliation of employee hours provided by households and providing consultation and training to service providers related to the tracking / documenting of ISS hours. DDA/MSD audits 20 % of the SL agencies per year. In 2013 eight service providers were reviewed. In 2014 twenty-nine service providers were reviewed. In January/February 2015 three service providers have had reviews. Overall, 40 of the approximate 145 contracted service providers have had reviews and received consultation on their payroll documentation system. During these reviews, it was found that most service providers had an adequate payroll documentation system established to track ISS hours by location delivered.*

*Of the 40 service providers reviewed, five did not have an adequate payroll documentation system. For these service providers, additional training and consultation were provided. After several months of implementation, the internal auditor returned and conducted a follow up audit for those providers to ensure that the changes to their payroll system were implemented and were effective in capturing the necessary documentation. The re-audits were completed between September 2014 and February 2015. The internal compliance review audits of service providers continue at approximately two service providers per month. The current SAO review period of July 2013 through June 2014 only captures minimal results of this new practice.*

*The SAO audit recommends that DDA continue to improve internal controls to insure SL providers maintain adequate documentation to support payments claimed against payroll records. Beginning with the 2014 cost report, additional schedules were added to report ISS hours in a format reconcilable to payroll records. DDA/MSD will continue to dedicate a full time staff person to continue compliance audits over the next two years.*

*Through policy revision, DDA will clarify the expectations that the service provider's payroll system adequately documents services hours delivered by household or cluster. Additionally, DDA policy will outline acceptable margins of flexibility of ISS hour delivery. Training to*



*these new policies will occur over the summer and fall of 2015. Implementation is anticipated to occur in 2016. These policies will be attached to provider contracts.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit.

We acknowledge the complexity of providing services to DDA clients and the changing needs of each client. However, establishing accountability is not counter to DDA's practice of allowing supported living providers flexibility to meet the needs of clients. OMB Circular A-87 states that to be allowable under federal awards costs must be adequately documented.

We reaffirm our finding and will review this area during our next audit.

### **Sample Unit**

The sampling unit was a monthly payment. A monthly payment consisted of all supported living service payments the Department made to a provider for a specific client on a single month during the period of July 1, 2013 to June 30, 2014.

### **Estimation Methodology**

We used the U.S. Department of Health and Human Services, Office of Inspector General RAT-STATS appraisal program to estimate the amount of unallowable payments the Department made to Supported Living Providers.

### **\*Sampling Results**

The table below shows the value of our universe, sampling frame and questioned costs:

*Table 1: Value of universe, sampling frame and questioned costs*

<b>Payments In Universe</b>	<b>Value of Universe</b>	<b>Sample Size</b>	<b>Value of Sample</b>	<b>Unallowable Payments</b>	<b>Value of Questioned Costs (federal share)</b>
42,962	\$322,369,842	173	\$1,284,112	\$100,107	\$50,054

### **Projection of Sampling Results**

By projecting the results of our statistical sample to the entire Home and Community Based supported living program payments, we estimate the amount of possible unallowable payments to supported living providers could range between the lower limit of our projected results (\$19,066,687) and the upper limit (\$30,653,479).

**Table 2: Projected value of unallowable payments**

Precision at the 90-Percent Confidence Level	
	Variables Appraisal
Midpoint	\$24,860,083
Lower Limit	\$19,066,687
Upper Limit	\$30,653,479

### **Applicable Laws and Regulations**

OMB 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.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in internal controls over compliance in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part [See also, 2 CFR §200.403]:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
  - f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
  - g. Except as otherwise provided for in 2 CFR part 225, be determined in accordance with generally accepted accounting principles.
  - h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.

- i. Be the net of all applicable credits.
- j. Be adequately documented.

Revised Code of Washington (RCW) 71A.12.060, Payment authorized for residents in community residential programs, states:

The secretary is authorized to pay for all or a portion of the costs of care, support, and training of residents of a residential habilitation center who are placed in community residential programs under this section and RCW 71A.12.070 and 71A.12.080.

The Department's *Division of Developmental Disabilities' Community Residential Service Contract, Section 11* states in part:

The Contractor shall maintain records relating to this Contract and the performance of the services described herein. The records include, but are not limited to, accounting procedures and practices, which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract. All records and other materials relevant to this Contract shall be retained for six years after expiration or termination of this Contract.

**2014-043                    The Department of Social and Health Services, Developmental Disabilities Administration, made overpayments to Medicaid supported living providers.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Controls
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A    Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed or Unallowed
<b>Questioned Cost Amount:</b>	\$75,818

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion in federal and state funds during fiscal year 2014.

Almost \$3.4 billion in total Medicaid spending relates to the Department of Social and Health Services.

The Department of Social and Health Services, Developmental Disabilities Administration, administers the Home and Community Based Services program for people with developmental disabilities. Supported living is a core service this program offers through staff of contracted supported living providers. Staff assist clients in activities of daily living and help the clients with the social and adaptive skills necessary to live in the community.

The Department pays supported living providers a daily rate for each day of service provided to a client. The daily rate for each client is individualized and adjusted as necessary based on changes to the client's support needs and the administrative component of the rate. Case managers use the Client Authorization Services Input System to enter the authorized daily rate into the Department's Social Service Payment System and relies on edits in the system to prevent improper payments.

Based on the authorized rate and the number of service days the client received from the provider, the payment system generates a service invoice each month and sends the invoice to the provider for validation. The provider is then responsible for either confirming that the authorized rate and number of service days are correct, or submitting necessary corrections or changes. The Department relies solely on a provider's attestation for services provided during the month to make payments.

### **Description of Condition**

We selected 251 payments totaling \$1,313,671 to review when providers received three or more payments for the same client in a month. We found 27 of these payments, totaling \$151,637, resulted in overpayments.

### **Cause of Condition**

When original authorizations are not removed from the Social Service Payment System, providers receive invoices for multiple authorizations for the same client. Reliance is placed on providers to notify the Department that one of the invoices is incorrect, otherwise the system issues payments for both authorizations.

We found instances where duplicate payments were made to providers for the same services because edits in SSPS did not prevent the invoices providers submitted for duplicate services from being paid.

### **Effect of Condition and Questioned Costs**

The Department continues to strengthen its monitoring and review processes to ensure that it does not pay providers for the same services more than once. However, it still does not prevent or detect all overpayments.

We identified a total of \$151,637 in overpayments to providers. We are questioning \$75,818, which is the federal share of the unallowable costs. We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

### **Recommendation**

We recommend the Department forward the overpayments identified by the audit to its Office of Financial Recovery and consult with its federal grantor to determine what, if any, of the questioned costs should be repaid.

### **Department's Response**

*The Department has strengthened its process of reducing overpayments, as evidenced by the reduction in overpayments during this audit period. The previous audit identified \$236,000 in overpayments; this audit identified \$151,000 in overpayments, a significant reduction of 47%.*

*This improvement was in part, due to Management Services Division (MSD) addition of a staff position to assist in the reconciliation process (February 2014). This enabled a review to occur mid-year in addition to the annual cost settlement process.*

*Overpayments are initiated throughout the year when identified by Resource Managers. Additionally they are identified by the Rate Analysts during the cost settlement process. All overpayments identified in this audit have been forwarded to OFR for collection, consistent with DDA practices. Most, if not all would have been identified during the 2014 cost settlement process which is scheduled to occur in the spring of 2015 (for calendar year 2014).*

*The Department has a cost settlement reconciliation process that corrects and adjusts supported living payments over the period of a calendar year. The state auditor's review is done by a state fiscal year, July 1 through June 30. The conflict in timeframe results in findings and the overstating of overpayments; half of the year audited by the SAO had yet to be reconciled by the department. If the audit had matched the department's reconciliation period, they would have reviewed what we have already reconciled, not what we have yet to reconcile. Review of fiscal year 2014 cost settlement will be completed by August 2015. Any additional overpayments not previously identified will be sent to the Office of Financial Recovery.*

*The department is confident our settlement process identifies overpayments.*

*On January 1, 2015 DDA converted to the Provider 1 payment system from the SSPS payment system for processing payments to providers. This new process and payment system has edits in place that does not allow payment of two authorizations for the same client/provider location combination. Provider 1 will limit the number of payment errors by not allowing the payment to occur. Provider 1 will also now pay an invoice greater than \$10,000 whereby split rates are no longer needed. It is no longer possible for a rate to be authorized with overlapping time periods.*

*MSD will continue to review for overpayments twice annually.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 300, states in part:

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (f) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-87: *Cost Principles for State, Local and Indian Tribal Governments* (2 CFR Part 225); *Appendix A - General Principles for Determining Allowable Costs*; *Section C - Basic Guidelines state in part:*

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
  - f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
  - g. Except as otherwise provided for in 2 CFR part 225, be determined in accordance with generally accepted accounting principles.
  - h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
  - i. Be the net of all applicable credits.
  - j. Be adequately documented.

OMB Circular A-133 Compliance Supplement, *Part 4 (June 2012)- Department of Health and Human Services (HHS), Medicaid Cluster, III. Compliance Requirements*, states in part:

To be allowable, Medicaid costs for medical services must be: (1) covered by the State plan and waivers; (2) for an allowable service rendered (including supported by medical records or other evidence indicating that the service was actually provided and consistent with the medical diagnosis); (3) properly coded; and (4) paid at the rate allowed by the State plan. Additionally, Medicaid costs must be net of applicable credits (e.g., insurance, recoveries from other third parties who are responsible for covering the Medicaid costs, and drug rebates), paid to eligible providers, and only provided on behalf of eligible individuals.



Title 42, Code of Federal Regulations, Section 435.1002 FFP for services, states:

- (a) Except for the limitations and conditions specified in §§435.1007, 35.1008, 435.1009, and 438.814 of this chapter, FFP is available in expenditures for Medicaid services for all beneficiaries whose coverage is required or allowed under this part.
- (b) FFP is available in expenditures for services provided to beneficiaries who were eligible for Medicaid in the month in which the medical care or services were provided except that, for beneficiaries who establish eligibility for Medicaid by deducting incurred medical expenses from income, FFP is not available for expenses that are the beneficiary's liability. (See §§435.914 and 436.901 of this subchapter for regulations on retroactive eligibility for Medicaid.)
- (c) FFP is available in expenditures for services covered under the plan that are furnished—
  - (1) To children who are determined by a qualified entity to be presumptively eligible;
  - (2) During a period of presumptive eligibility;
  - (3) By a provider that is eligible for payment under the plan; and
  - (4) Regardless of whether the children are determined eligible for Medicaid following the period of presumptive eligibility.

**2014-044**                    **The Department of Social and Health Services, Developmental Disabilities Administration, made overpayments to Medicaid supported living providers who did not ensure all staff with access to developmentally disabled clients receive a proper background check and are authorized to have access to vulnerable supported living clients.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Controls
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Allowable Costs/Cost Principles, Special Tests and Provisions - Provider Eligibility
<b>Questioned Cost Amount:</b>	\$58,917

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion in federal and state funds during fiscal year 2014.

Almost \$3.4 billion in total Medicaid spending relates to the Department of Social and Health Services of which it paid more than \$327 million, to supported living services providers for the care of more than 3,700 clients.

The Department of Social and Health Services, Developmental Disabilities Administration (DDA), administers the Home and Community Based Services program for people with developmental disabilities. Supported living is a core service this program offers through staff of contracted supported living providers. Staff assist clients in activities of daily living and help the clients with the social and adaptive skills necessary to live in the community. DDA clients receiving supported living services reside in private residents within the community. Client support may vary from a few hours per month to up to 24 hours per day of one-to-one support.

DDA contracts with private agencies to provide supported living services to clients with various developmental disabilities. As of June 2014, there were 117 contracted providers serving more than 3,700 supported living clients. All supported living service providers and their employees who are employed directly or by contract and have unsupervised access to supported living clients must successfully complete a background check through the Department's Background Check Central Unit (BCCU). Both a state and federal background check are required, at minimum, every three years. If the individual resided outside of Washington State within the past three consecutive years, they must also be screened through a national fingerprint-based background check.

The Secretary of the Department establishes crimes that automatically disqualify individuals from serving vulnerable clients through a list referred to as "the Secretary's List." Individuals with crimes on the Secretary's List are automatically prohibited from *"licensing, contracting, certification, or from having unsupervised access to children or to individuals with a developmental disability."* If an individual has a criminal record(s) that does not automatically disqualify the individual, the provider must perform a Character, Competency, and Suitability Review to determine if the individual can have unsupervised access to clients.

The condition noted in this finding was previously reported in finding 2013-034.

### **Description of Condition**

We identified 3,796 supported living clients who received Medicaid services during fiscal year 2014. We randomly selected 170 clients and identified 1,987 supported living staff serving these clients and their roommates.

We performed tests to determine if all staff had passed background checks necessary to have unsupervised access to the supported living clients before they began working with them, and to ensure the following eligibility requirements were met:

- A proper BCCU background check had been completed within the last three years.
- No individuals with disqualifying crimes listed on the Secretary's List were employed at the time of the audit, or during the month(s) in which they worked.
- Staff with criminal records that were not listed on the Secretary's passed a Character, Competency and Suitability (CCS) review.
- The entire period in which the individual had access to Medicaid clients was covered by a completed background check.
- Individuals who have not lived in Washington State for at least three consecutive years completed a fingerprint background check as required by state law.

We found:

- Four individuals working with disqualified background check results.
- 22 Individuals serving the client without a background check during part of the audit period.

- Two individuals with no background check completed. The provider performed a name/date of birth background check on the employee prior to hire, but did not perform a fingerprint check as required by state law.

Disqualified individuals were permitted to work with clients if they passed a Character, Competence, and Suitability (CCS) review by the provider. During the audit, we found three caregivers with disqualifying backgrounds had worked with supported living clients. Two of the employees did not have a CCS review performed. One employee did receive a CCS review, but this did not occur until one full year after the employee received the “Disqualify” result. All of the individuals were terminated by their respective providers during or after the audit period.

### **Cause of Condition**

During the audit period, the Department performed extensive provider training to ensure all supported living providers are aware of all program eligibility requirements. In April 2014, the Department’s facility inspectors began performing on-site review of background check results for 100 percent of current employees of providers. In addition, the Department increased random background check testing of supported living providers. However, the Department’s monitoring of providers remains limited and infrequent due to lack of available resources.

### **Effect of Condition and Questioned Costs**

Any caregiver, or person who has direct, unsupervised contact with a client, who does not meet the background check requirements is not eligible to provide services to Medicaid clients. Allowing individuals who do not meet background check requirements to have unsupervised access to vulnerable Medicaid clients could potentially expose the vulnerable Medicaid clients in the supported living program to neglect, harm, exploitation and abuse.

The Department issues payment directly to supported living providers, who then pay their employees for services rendered to the client. We followed up with the Department and reviewed payroll documentation for the periods in which the employees were ineligible.

The following table summarizes the \$117,834 in unallowable payments we identified in the audit by condition:

Condition	Number of Caregivers	Unallowable Payments
Individuals working with disqualified background check results.	3	\$ 21,937
Individuals serving the client without a background check during part of the audit period.	12	\$ 95,897
Individuals with no background check completed.*	2	-
Individuals we could not confirm received payment for services due to incomplete information or no response from provider.*	11	-
<b>Total individuals ineligible to provide services.</b>	<b>28</b>	<b>\$ 117,834</b>

\*We could not confirm the total questioned payments made to these caregivers due to incomplete or missing information from the provider.

We are questioning \$58,917, which is the federal portion of the unallowable payments. The federal share is calculated using the state's 2014 FMAP rate of 50 percent.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support its expenditures.

### Recommendation

We recommend the Department:

- Follow-up on background check results of supported living providers to ensure ineligible individuals do not have access to vulnerable Medicaid clients and that all individuals renew their background checks in a timely manner.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

### Department's Response

*The Department (the Developmental Disabilities Administration) concurs with this finding.*

*Developmental Disabilities Administration (DDA) has demonstrated substantial improvement in background check compliance. DDA has achieved this through updating the Background Authorization policy and providing training to residential contracted providers and DDA employees. Training occurred within each region at the Regional Provider Meetings each*

*quarter through the year. Training will continue into the next year. Review measures were implemented in April 2014, to review provider background check results during certification reviews. Additional review measures were implemented by the Enterprise Risk Management Office (ERMO) to conduct random background check testing. Additionally, in 2014, DDA worked collaboratively with ALTSA to consolidate and simplify background check standards and Rule/WAC across administrations. Through this process the list of disqualifying crimes was consolidated. It was consistent with LEAN process gaining efficiencies and clarity. It has reduced the need to process duplicate background checks across administrations.*

*The improvement is demonstrated by:*

- *Results with the number of staff working with disqualified background checks were reduced from 52 individuals during the last audit period to only 3 individuals this audit period. This is a 94 percent improvement.*
- *Of the 1,987 staff sampled during this audit period, only 12 individuals worked during a portion of the audit period without a background check.*
- *DDA verified that no sampled staff with disqualifying background check results continued to be employed by the provider.*

*DDA will continue to take the following measures to ensure this positive trend:*

- *Provide ongoing training to DDA employees and to the provider group.*
- *Dedicate a DDA headquarters position available to provide direct support and consultation to providers on interpretation of result letters.*
- *Monitor for background check compliance through reviews conducted by ERMO and Residential Care Services (RCS) certification reviews.*
- *Partner with the background check unit to simplify result letters sent to providers and background check processes.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (g) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines [see also 2 CFR 200.403] state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

RCW 74.15.030, Powers and duties of secretary, states in part:

The secretary shall have the power and it shall be the secretary's duty:

- (1) In consultation with the children's services advisory committee, and with the advice and assistance of persons representative of the various type agencies to be licensed, to designate categories of facilities for which separate or different requirements shall be developed as may be appropriate whether because of variations in the ages, sex and other characteristics of persons served, variations in the purposes and services offered or size or structure of the agencies to be licensed hereunder, or because of any other factor relevant thereto;
- (2) In consultation with the children's services advisory committee, and with the advice and assistance of persons representative of the various type agencies to be licensed, to adopt and publish minimum requirements for licensing applicable to each of the various categories of agencies to be licensed.

The minimum requirements shall be limited to:

- (a) The size and suitability of a facility and the plan of operation for carrying out the purpose for which an applicant seeks a license;
- (b) Obtaining background information and any out-of-state equivalent, to determine whether the applicant or service provider is disqualified and to determine the character, competence, and suitability of an agency, the

agency's employees, volunteers, and other persons associated with an agency;

- (c) Conducting background checks for those who will or may have unsupervised access to children, expectant mothers, or individuals with a developmental disability;
  - (d) Obtaining child protective services information or records maintained in the department case management information system. No unfounded allegation of child abuse or neglect as defined in RCW 26.44.020 may be disclosed to a child-placing agency, private adoption agency, or any other provider licensed under this chapter;
  - (e) Submitting a fingerprint-based background check through the Washington state patrol under chapter 10.97 RCW and through the federal bureau of investigation for:
    - (i) Agencies and their staff, volunteers, students, and interns when the agency is seeking license or relicense;
    - (ii) Foster care and adoption placements; and
    - (iii) Any adult living in a home where a child may be placed;
  - (f) If any adult living in the home has not resided in the state of Washington for the preceding five years, the department shall review any child abuse and neglect registries maintained by any state where the adult has resided over the preceding five years;
  - (g) The cost of fingerprint background check fees will be paid as required in RCW 43.43.837;
  - (h) National and state background information must be used solely for the purpose of determining eligibility for a license and for determining the character, suitability, and competence of those persons or agencies, excluding parents, not required to be licensed who are authorized to care for children or expectant mothers;
  - (i) The number of qualified persons required to render the type of care and treatment for which an agency seeks a license;
  - (j) The safety, cleanliness, and general adequacy of the premises to provide for the comfort, care and well-being of children, expectant mothers or developmentally disabled persons;
  - (k) The provision of necessary care, including food, clothing, supervision and discipline; physical, mental and social well-being; and educational, recreational and spiritual opportunities for those served;
  - (l) The financial ability of an agency to comply with minimum requirements established pursuant to chapter 74.15 RCW and RCW 74.13.031; and
  - (m) The maintenance of records pertaining to the admission, progress, health and discharge of persons served;
- (3) To investigate any person, including relatives by blood or marriage except for parents, for character, suitability, and competence in the care and treatment of children, expectant mothers, and developmentally disabled persons prior to authorizing that person to care for children, expectant mothers, and developmentally disabled persons. However, if a child is placed with a relative under RCW 13.34.065 or 13.34.130, and if such relative appears otherwise



suitable and competent to provide care and treatment the criminal history background check required by this section need not be completed before placement, but shall be completed as soon as possible after placement;

- (4) On reports of alleged child abuse and neglect, to investigate agencies in accordance with chapter 26.44 RCW, including child day-care centers and family day-care homes, to determine whether the alleged abuse or neglect has occurred, and whether child protective services or referral to a law enforcement agency is appropriate;
- (5) To issue, revoke, or deny licenses to agencies pursuant to chapter 74.15 RCW and RCW 74.13.031. Licenses shall specify the category of care which an agency is authorized to render and the ages, sex and number of persons to be served;
- (6) To prescribe the procedures and the form and contents of reports necessary for the administration of chapter 74.15 RCW and RCW 74.13.031 and to require regular reports from each licensee;
- (7) To inspect agencies periodically to determine whether or not there is compliance with chapter 74.15 RCW and RCW 74.13.031 and the requirements adopted hereunder;
- (8) To review requirements adopted hereunder at least every two years and to adopt appropriate changes after consultation with affected groups for child day-care requirements and with the children's services advisory committee for requirements for other agencies; and,
- (9) To consult with public and private agencies in order to help them improve their methods and facilities for the care of children, expectant mothers and developmentally disabled persons.

RCW 74.39A.056 Criminal history checks on long-term care workers, states:

- (1) (a) All long-term care workers shall be screened through state and federal background checks in a uniform and timely manner to verify that they do not have a criminal history that would disqualify them from working with vulnerable persons. The department must perform criminal background checks for individual providers and prospective individual providers and make the information available as provided by law.
- (b) (i) Except as provided in (b)(ii) of this subsection, for long-term care workers hired after January 7, 2012, the background checks required under this section shall include checking against the federal bureau of investigation fingerprint identification records system and against the national sex offenders registry or their successor programs. The department shall require these long-term care workers to submit fingerprints for the purpose of investigating conviction records through both the Washington state patrol and the federal bureau of investigation. The department shall not pass on the cost of these criminal background checks to the workers or their employers.
- (ii) This subsection does not apply to long-term care workers employed by community residential service businesses until January 1, 2016.

- (c) The department shall share state and federal background check results with the department of health in accordance with RCW 18.88B.080.
- (2) No provider, or its staff, or long-term care worker, or prospective provider or long-term care worker, with a stipulated finding of fact, conclusion of law, an agreed order, or finding of fact, conclusion of law, or final order issued by a disciplining authority or a court of law or entered into a state registry with a final substantiated finding of abuse, neglect, exploitation, or abandonment of a minor or a vulnerable adult as defined in chapter 74.34 RCW shall be employed in the care of and have unsupervised access to vulnerable adults.
- (3) The department shall establish, by rule, a state registry which contains identifying information about long-term care workers identified under this chapter who have final substantiated findings of abuse, neglect, financial exploitation, or abandonment of a vulnerable adult as defined in RCW 74.34.020. The rule must include disclosure, disposition of findings, notification, findings of fact, appeal rights, and fair hearing requirements. The department shall disclose, upon request, final substantiated findings of abuse, neglect, financial exploitation, or abandonment to any person so requesting this information. This information must also be shared with the department of health to advance the purposes of chapter 18.88B RCW.
- (4) The department shall adopt rules to implement this section.

RCW 43.43.830, Background checks – Access to children or vulnerable persons – definitions, states in part:

- (13) “Unsupervised” means not in the presence of:
  - (a) Another employee or volunteer from the same business or organization as the applicant; or
  - (b) Any relative or guardian of any of the children or developmentally disabled persons or vulnerable adults to which the applicant has access during the course of his or her employment or involvement with the business or organization.With regard to peer counselors, "unsupervised" does not include incidental contact with children under age sixteen at the location at which the peer counseling is taking place. "Incidental contact" means minor or casual contact with a child in an area accessible to and within visual or auditory range of others. It could include passing a child while walking down a hallway but would not include being alone with a child for any period of time in a closed room or office.
- (14) “Vulnerable adult” means "vulnerable adult" as defined in chapter 74.34 RCW, except that for the purposes of requesting and receiving background checks pursuant to RCW 43.43.832, it shall also include adults of any age who lack the functional, mental, or physical ability to care for themselves.

WAC 388-06-0110 “Who must have background checks?”, states:

- (1) Per RCW 74.15.030, the department requires background checks on all providers who may have unsupervised access to children or individuals with a developmental disability. This includes licensed, certified or contracted providers, their current or prospective employees and prospective adoptive parents as defined in RCW 26.33.020.
- (2) As described in WAC 388-06-0115, the division of developmental disabilities requires background checks on all contracted providers, individual providers, employees of contracted providers, and any other individual who is qualified by DDD to have unsupervised access to individuals with developmental disabilities.
- (3) Long-term care workers as defined in chapter 74.39A RCW hired after January 7, 2012 are subject to national fingerprint-based background checks. For individual providers and home care agency providers refer to WAC 388-71-0500 through 388-71-05909. For adult family homes refer to chapter 388-76 WAC, adult family home minimum licensing requirements. For assisted living facilities refer to chapter 388-78A WAC, assisted living licensing rules.
- (4) Per RCW 74.15.030, the department also requires background checks on other individuals who may have unsupervised access to children or to individuals with a developmental disability in department licensed or contracted homes, or facilities which provide care. The department requires background checks on the following people:
  - (a) A volunteer or intern with regular or unsupervised access to children;
  - (b) Any person who regularly has unsupervised access to a child or an individual with a developmental disability;
  - (c) A relative other than a parent who may be caring for a child;
  - (d) A person who is at least sixteen years old, is residing in a foster home, relatives home, or child care home and is not a foster child.

WAC 388-06-0140 “What happens if I don’t comply with the background check requirement?” states:

The department will deny, suspend or revoke your license, contract, certification, or authorization to care for children or for individuals with a developmental disability, if you or someone on the premises of your home or facility having unsupervised access does not comply with the department's requirement for a background check.

WAC 388-101-3245 Background check – General, states:

- (1) Background checks conducted by the department and required in this chapter include but are not limited to Washington state background checks including:
  - (a) Department and department of health findings; and
  - (b) Criminal background check information from the Washington state patrol; and
  - (c) Washington state courts.
- (2) Nothing in this chapter should be interpreted as requiring the employment of a person against the better judgment of the service provider.

WAC 388-101-3250, Background checks – Requirements for service providers, states:

- (1) Service providers must follow the background check requirements described in chapter 388-06 WAC and in this chapter. In the event of an inconsistency, this chapter applies.
- (2) The service provider must obtain background checks from the department for all administrators, employees, volunteers, students, and subcontractors who may have unsupervised access to clients.
- (3) The service provider must not allow the following persons to have unsupervised access to clients until the service provider receives the department's background check results, verifying that the person does not have any convictions, pending criminal charges, or findings described in WAC 388-101-3090:
  - (a) Administrators;
  - (b) Employees;
  - (c) Volunteers or students; and
  - (d) Subcontractors.
- (4) If the department's background check results show that the individual has a conviction, pending criminal charge, or finding that is not disqualifying under WAC 388-101-3090, then the service provider must conduct a character, suitability and competence review as described in WAC 388-06-0190 prevent that person from having unsupervised access to clients:
- (5) The service provider must:
  - (a) Inform the person of the results of the background check;
  - (b) Inform the person that they may request a copy in writing of the results of the background check. If requested, a copy of the background check results must be provided within ten working days of the request; and
  - (c) Notify the department and other appropriate licensing or certification agency of any person resigning or terminated as a result of having a conviction record.
- (6) The service provider must renew the Washington state background check at least every thirty-six months and keep current background check results for each administrator, employee, volunteer, student, or subcontractor of a service provider.
- (7) Licensed boarding homes or adult family homes must adhere to the current regulations in this chapter and in the applicable licensing laws.
- (8) Service providers must prevent unsupervised access to clients by any administrator, employee, subcontractor, student, or volunteer who has a disqualifying conviction, pending criminal charge, or finding described in WAC 388-101-3090
- (9) All applicants for certification must have a background check.

WAC 388-101-3255 Background checks—Provisional hire—Pending results.

Persons identified in WAC 388-101-3250 (2) and who have lived in Washington state less than three years, or who are otherwise required to complete a fingerprint-based background check, may be hired for a one hundred twenty-day provisional period when:

- (1) The person is not disqualified based on the initial results of the background check from the department; and
- (2) A national fingerprint-based background check is pending.

**2014-045            The Department of Social and Health Services, Aging and Long-Term Support Administration, did not respond in a timely manner to complaints/allegations of abuse, neglect, exploitation, inadequate care or supervision in Medicaid residential facilities.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Controls
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A    Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Special Tests and Provisions - Provider Health and Safety Standards
<b>Questioned Cost Amount:</b>	None

## **Background**

Medicaid is a jointly funded state and federal partnership providing medical coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. The Centers for Medicare & Medicaid Services (CMS), which administers the program at the federal level, allows states to provide long-term care services to Medicaid beneficiaries that require daily nursing services. Medicaid coverage for nursing homes and intermediate care facilities for intellectually disabled clients is only authorized when services are provided in a residential facility licensed and certified by the state survey agency. The state survey agency is also responsible for investigating complaints and allegations of abuse, neglect or misappropriation.

Residential Care Services, under the Department of Social and Health Services Aging and Long-Term Support Administration, is the Medicaid survey agency for the state of Washington. Residential Care Services manages the Complaint Resolution Unit, which is the front line response system for addressing complaints from staff, residents, family members and the general public.

Complaints can be submitted to the Complaint Resolution Unit's Hotline by mail, email, fax and telephone. Voicemail messages can also be left on the unit's hotline 24 hours a day seven days a week. Messages received after hours and on weekends are responded to the next

business day. The Unit uses the Tracking Incidents of Vulnerable Adults (TIVA) case management system to input, prioritize and track complaints.

Initial intake of a complaint is performed by a program specialist who assigns a priority assessment. Program specialists have 24 hours to create an intake record and assign the priority assessment. This timeliness requirement is established by state law (RCW 74.34.063). Clinical triage nurses then review the priority assessment of each complaint.

The following table lists the five different levels of prioritization for new complaints and the respective required response times.

<b>Prioritization</b>	<b>Required Response</b>
Immediate Jeopardy	Initiate investigation within 2 working days of receipt
Non Immediate Jeopardy - High	Initiate investigation within 10 working days of prioritization
Non Immediate Jeopardy - Medium	Initiate investigation within 20 working days of prioritization
Non Immediate Jeopardy - Low	Initiate investigation within 45 working days of prioritization
Quality Review	None required

Complaints are prioritized as a quality review for two reasons. First, the matter has already been or is in the process of being investigated. Secondly, the initial intake assessment indicates there is no threat to the resident or appropriate steps have already been taken to safeguard the resident. By classifying complaints as a quality review it makes the information accessible to field staff, but an investigation is not performed.

Complaints are prioritized to ensure the level of response corresponds to the severity of the allegation. All complaints not prioritized as quality reviews are assigned to the Department's field unit offices within two working days of receipt of the complaint. State law requires all nursing home complaints to be assessed by an individual who is professionally qualified to evaluate the nature of the problem. These complaints are then assigned to field staff.

In fiscal year 2014 the Department received 32,237 complaints through the Hotline. Of these, 13,240 were assigned a priority and sent to the Residential Care Services field units to be investigated. The other 18,997 complaints were categorized as Quality Reviews.

The following table shows the number of complaints received for each provider type served by the Complaint Resolution Unit:

<b>Provider type</b>	<b>Number of complaints received</b>
Nursing home	13,328
Adult family home	3,779
Assisted living facility	7,361
Intermediate care facility/ ID	1,802
Supported living	5,310
Other	657
<b>Total complaints</b>	<b>32,237</b>

Field staff investigate the complaint and perform follow-up within the assigned time frame determined by the severity of the issue.

The condition noted in this finding was previously reported in our 2013 single audit (finding number 2013-033).

### **Description of Condition**

We found the Department does not have adequate internal controls in place to ensure complaints are responded to properly and in a timely manner. We tested all provider type complaints for initial response and then performed further tests to determine if the Department responded specifically to nursing home and intermediate care facility complaints in a timely manner. We identified the following exceptions:

#### *Timeliness of responses to complaints*

We found 7,854 (24 percent) of all complaints received in fiscal year 2014 were not entered into the TIVA system within 24 hours. The following table shows the number of complaints that were not assessed timely and the range of days in which they were responded to.

<b>Working days to initiate a response</b>	<b>Number of complaints</b>
2-10 days	7,823
11 – 20 days	23
21-77 days	8
<b>Total responses over 24 hours</b>	<b>7,854</b>

#### *Timeliness of onsite survey-Immediate Jeopardy*

The CMS State Operations Manual, which covers nursing homes and intermediate care facilities, requires the Department to initiate an onsite survey for immediate jeopardy cases within two working days of receipt.



We found 41 of 124 nursing home (33 percent) and two of eight (25 percent) of intermediate care facility complaints involving immediate jeopardy cases were not investigated within two working days of receipt.

#### *Assessment of nursing home complaints by qualified individuals*

The CMS State Operations Manual requires an assessment of each nursing home complaint be made by an individual who is professionally qualified to evaluate the nature of the problem based upon his or her knowledge and experience of current clinical standards of practice and federal requirements. We determined from December 2013 until July 2014 the clinical triage nurse only reviewed complaints that were considered clinical in nature and did not review each nursing home complaint as required by federal requirements.

#### *Timeliness of prioritization and referrals to the Residential Care Services field unit*

The CMS State Operations Manual also requires that all nursing home and intermediate care facility complaints be prioritized and referred to the field unit offices within two working days of receipt of the complaint. The prioritization process sets the expected timeline and tone of the onsite survey. The subsequent referral to the field unit offices triggers the onsite survey.

We found the following complaints were not prioritized or referred to the field unit offices within two working days of receipt of the complaint:

- 2,169 for nursing homes (46.0 percent)
- 193 for intermediate care facilities (37.4 percent)

#### *Data reliability and completeness*

From the various methods that a complaint can be received by the Department, they must all be manually entered into the TIVA system. The entry into TIVA requires the input of the date the complaint was received in the unit. This date defaults to the current date and time if no entry is made. This date is instrumental in determining the Departments compliance for timeliness.

Complaints received in the unit, whether by voicemail, fax, mail, or live calls are not tracked to ensure all complaints are input into the TIVA system.

#### **Cause of Condition**

The Department has continued to make improvements to their policies and procedures, training and systems. The Department began using a new digital voicemail system in December 2013. It was anticipated that this new system, along with modifications made to the complaint intake system, would offer improved response times for the Complaint Resolution Unit. However, transcription of the complaints from the voicemail system continues to be a very time consuming process. The Department asserts that they would need to increase staffing to transcribe the complaints timely.

We consider these internal control deficiencies to be a material weakness.

### **Effect of the Condition**

When complaints are not received, prioritized and investigated timely, vulnerable residents are at a higher risk.

### **Recommendation**

We recommend the Department strengthen its internal controls to ensure all complaints are accounted for and responded to in a timely manner.

### **Department's Response**

The Department concurs with this finding.

The Department of Social and Health Services, Aging and Long-Term Support Administration agrees that a timely response to complaints/allegations of abuse, neglect, exploitation, inadequate care or supervision is paramount to the safety and protection of adults who are vulnerable.

After review of audit findings the Department has the following response:

The Department has continued to make improvements to the Complaint Resolution Unit (CRU) policies and procedures, training and systems. The Department agrees transcription of the complaints received by the toll free hotline is a time consuming process and crucial to the timeliness of prioritization and referral. In late August 2014, the CRU began a pilot program utilizing transcriptionists to retrieve hotline calls. Preliminary findings reveal this has significantly decreased both complaint prioritization and referral processing times. The development and implementation of improved standard operating procedures has also positively influenced processing time.

Other implemented internal controls since the audit include Tracking Incidents of Vulnerable Adults (TIVA) changes and changes to the hotline scripts. Tracking systems have been implemented for all types of received reports. These reports and tracking system are monitored daily to ensure complaints are processed, prioritized and referred in a timely manner. Staffing vacancies and shortages impact the department's compliance to meet the standards.

The department's ability to ensure complaints are responded to properly and in a timely manner is directly relational to the number of complaints being called in (and which subsequently require an investigation) and having sufficient departmental staffing to process same. The current CRU staffing model is insufficient to keep up with incoming complaint intake workload volume. The department has tried to manage the timely processing of complaint intake workload through the utilization of temporary staff. It will prove difficult for the department to maintain the timely processing of complaint intakes absent additional

staff in the future. It should also be noted the Department has activated recruitment and retention strategies, and made legislative requests for additional staffing, including the support of CMS to request an additional 15 FT Nursing Home surveyor/investigator staff to help the department keep current on its Nursing Home survey and investigatory workload. It will prove difficult for the department to obtain and sustain the timely processing of Nursing Home annual facility surveys and/or the timely processing of all Nursing Home complaints received, absent of the department being funded for the additional 15 requested Nursing Home surveyor/investigatory staff.

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

OMB 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.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in internal controls over compliance in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

42 U.S. Code § 1396r(g)(4) Survey and Certification Process, states:

- (4) Investigation of complaints and monitoring nursing facility compliance --  
Each state shall maintain procedures and adequate staff to-
- (A) Investigate complaints of violations of requirements by nursing facilities.
  - (B) Monitor, on site, on a regular basis, a nursing facility's compliance with the requirements of subsections (b), (c), and (d) of this section, if -
    - (i) the facility has been found not to be in compliance with such requirements and is in the process of correcting deficiencies to achieve such compliance;
    - (ii) the facility was previously found not to be in compliance with such requirements, has corrected deficiencies to achieve such compliance, and verification of continued compliance is indicated; or
    - (iii) the State has reason to question the compliance of the facility with such requirements.

A State may maintain and utilize a specialized team (including an attorney, an auditor, and appropriate health care professionals) for the purpose of identifying, surveying, gathering, and preserving evidence, and carrying out appropriate enforcement actions against substandard nursing facilities.

Center for Medicare and Medicaid Services, State Operations Manual, Chapter 5-Complaint Procedures, 5070 - Priority Assignment for Nursing Homes, Deemed and Non-Deemed Providers/Suppliers, and EMTALA states in part:

An assessment of each intake must be made by an individual who is professionally qualified to evaluate the nature of the problem based upon his/her knowledge and/or experience of current clinical standards of practice and Federal requirements. In situations where a determination is made that immediate jeopardy may be present and ongoing, the SA is required to investigate within two working days of receipt of the information. For all non-immediate jeopardy situations, the complaint/incident is prioritized within two working days of its receipt, unless there are extenuating circumstances that impede the collection of relevant information.

Title 42, Code of Federal Regulations, Section 488.335 Action on complaints of resident neglect and abuse, and misappropriation of resident property, states in part:

(a) Investigation.

- (1) The State must review all allegations of resident neglect and abuse, and misappropriation of resident property and follow procedures specified in § 488.332.
- (2) If there is reason to believe, either through oral or written evidence that an individual used by a facility to provide services to residents could have abused or neglected a resident or misappropriated a resident's property, the State must investigate the allegation.
- (3) The State must have written procedures for the timely review and investigation of allegations of resident abuse and neglect, and misappropriation of resident property.

RCW 74.34.063 Response to report – Timing – Reports to law enforcement agencies -- Notification to licensing authority, states in part:

- (1) The department shall initiate a response to a report, no later than twenty-four hours after knowledge of the report, of suspected abandonment, abuse, financial exploitation, neglect, or self-neglect of a vulnerable adult.

Residential Care Services Operational Principles and Procedures Complaint Resolution Unit Prioritization of Intakes – IV. Operational Procedures (A) July 2014:

For complaints prioritized as a 10WD (working day) complaint "Complaint and incident investigations shall be initiated within 10 working days of linking the intake to the RCS Field Unit." For complaints prioritized as 20WD (working day) "Complaint and incident investigations shall be initiated within 20 working days of linking the intake to the RCS Field Unit.". For 45WD (working day) - "Complaint and incident investigations shall be initiated within 45 working days of linking the intake to the RCS Field Unit".

**2014-046**                      **The Department of Social and Health Services, Aging and Long-Term Support Administration, did not complete surveys for Medicaid nursing home and intermediate care facilities for individuals with intellectual disabilities in a timely manner.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Controls
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Special Tests and Provisions – Provider Health and Safety Standards
<b>Questioned Cost Amount:</b>	None

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion in federal and state funds during fiscal year 2014.

Almost \$3.4 billion in total Medicaid spending relates to the Department of Social and Health Services.

Residential Care Services, under the Department of Social and Health Services, Aging and Long-Term Support Administration, is the state survey agency for the state of Washington.

## **Nursing Homes**

In fiscal year 2014 the state had 224 nursing homes that were Medicare and/or Medicaid certified. The survey for certification of a nursing home is a resident-centered inspection that gathers information about the quality of service furnished in a facility to determine compliance with the requirements of participation. The survey focuses on the nursing home's administration and patient services. The survey also assesses compliance with federal health, safety and quality standards designed to ensure patients receive safe and quality care services.

### Intermediate Care Facilities for Individuals with Intellectual Disabilities

The state has 13 Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID). An ICF/IID is an institution that meets federal conditions of participation with its primary purpose being the provision of health or rehabilitation services to individuals with intellectual disabilities or related conditions and is receiving care and services under the Medicaid program.

The principal focus of the survey is on the "outcome" of the facility's implementation of ICF/IID active treatment services. Active treatment refers to the aggressive, consistent implementation of a program of specialized and generic training, treatment, health, and related services directed toward the acquisition of the behaviors necessary for the individual to function with as much self-determination and independence as possible.

States are required to complete a standard survey within 15.9 months following the previous survey and the state-wide average must not exceed 12.9 months for both Nursing Homes and ICF/IID's. If deficiencies are found in the facility then the Department is responsible for mailing a statement of deficiency to the facility within 10 working days of the survey date. In turn the facility is required to submit a plan of correction to the Department within 10 calendar days of receipt. The Centers for Medicare and Medicaid services measures state agencies using the federal fiscal year and our audit period looked at surveys during the state fiscal year.

### **Description of Condition**

#### Nursing Homes

We found the Department did not ensure nursing home surveys were performed in accordance with the frequency stipulated by state and federal laws. Of the state's 224 nursing homes, 24 (11 percent) surveys exceeded the 15.9 month requirement. In addition, the statewide average of 13.15 exceeded the requirement of 12.9.

We randomly selected 26 nursing homes to ensure the Department mailed the Statement of Deficiency within 10 working days of the survey date. We found six (23 percent) exceeded the required timeframe for mailing the statement of deficiency. We also reviewed these same nursing homes to determine if the plan of correction was received within 10 calendar days and found that eight (31 percent) were submitted late.

### Intermediate Care Facilities for Individuals with Intellectual Disabilities

All 13 ICF/IID facilities were surveyed within the required timeframe and met the required statewide average. However, the Department did not mail the statement of deficiencies within 10 working days as required. Ten ICF/IID facilities (77 percent) did not receive their statement of deficiency within the required timeframe and 11 (85 percent) facilities did not submit their plan of correction within the required 10 calendar days.

### **Cause of Condition**

In October 2013 the Department's Complaint Resolution Unit had a backlog of almost 1,880 complaints. Surveyors, who are also complaint investigators, were instructed to assist in reducing the backlog and focus only on complaint investigations. The redirection of surveyors to complaint investigations impacted the timeliness of surveys for several months.

Additionally, the survey follow up for statement of deficiencies and plan of corrections is not a formally tracked process.

We consider these control deficiencies to be a material weakness.

### **Effect of Condition**

When the Department does not conduct surveys and follow up on deficiencies timely as required for nursing homes and ICF/IID, the state is paying these facilities for services to Medicaid clients without assurance they are providing services that meet state and federal health standards and regulations.

### **Recommendation**

We recommend the Department conduct nursing home and ICF/IID surveys in accordance with the frequency required by federal and state laws. We also recommend internal controls be put in place to track statement of deficiencies and plan of corrections.

### **Department's Response**

*The Department partially concurs with this finding.*

#### **NH Inspection Intervals and Statewide Averages**

*The Department agrees it did not meet its inspection intervals. It used surveyors to conduct backlogged complaint investigations resulting in untimely surveys. The Department will schedule and monitor surveys to meet standards. Staffing vacancies and shortages impact the Department's compliance to meet the standards, and the Department is making concerted efforts to address the staffing shortfall. The Department has activated recruitment and retention strategies, and made legislative requests for additional staffing, including the support of CMS.*

*The Department's ability to ensure Nursing Home surveys are conducted timely is directly relational to the department having sufficient staffing to comply with said requirement. The Department has requested an additional 15 FT Nursing Home surveyor/investigator staff to help the department keep current on its Nursing Home survey and investigatory workload. It will prove difficult for the department to obtain and sustain the timely processing of Nursing Home annual facility surveys and/or the timely processing of all Nursing Home complaints received, absent of the department being funded for the additional 15 requested Nursing Home surveyor/investigatory staff.*



### Statement of Deficiency Mailing NH and ICF/IID

*The Department agrees mailing of Statement of Deficiency reports exceeded required timelines. Mailing at times goes beyond timelines due to administrative enforcement decision-making, technical delays, and/or staffing issues. The Department will enhance mailing by implementing a formal tracking system. However, NH and ICF/IID staffing issues challenges the Department to meet the timeframes. The Department has activated recruitment and retention strategies, and made legislative requests for additional staffing, including the support of CMS.*

### Plan of Correction Tracking

*The Department does not agree that not tracking formally the receipt of plans of correction is a material weakness. The CMS State Operational Manual guidelines do not require formal tracking. The Department informally tracks Plan of Correction receipt statewide. RCS will enhance its monitoring of Plan of correction receipt by implementing a formal tracking system.*

### **Auditor's Concluding Remarks**

We appreciate the Department's response regarding their informal process to track plan of corrections. Although CMS guidelines do not mandate a formal tracking process, they do however; require the submission of an acceptable plan of correction within 10 calendar days. The identification and notification of deficiencies alone is not adequate to ensure compliance.

We reaffirm this portion of the finding.

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Center for Medicare and Medicaid Services, State Operations Manual, Chapter 7 - Survey and Enforcement Process for Skilled Nursing Facilities and Nursing Facilities states in part:

7205 - Survey Frequency: 15-Month Survey Interval and 12-Month State-wide Average

7205.2 - Scheduling and Conducting Surveys

(Rev. 63, Issued: 09-10-10, Effective: 09-10-10, Implementation: 09-10-10)

The State must complete a standard survey of each skilled nursing facility and nursing facility not later than 15 months after the previous standard survey. Facilities with excellent histories of compliance may be surveyed less frequently to determine compliance, but no less frequently than every 15 months and the State-wide standard survey average must not exceed 12 months.

7319.1 - Non-State Operated Skilled Nursing Facilities and Nursing Facilities or Dually participating Facilities (Rev. 63, Issued: 09-10-10, Effective: 09-10-10, Implementation: 09-10-10)

1. The State conducts the survey and certifies compliance.
2. The State sends the facility Form CMS-2567 and if applicable, the “Notice of Isolated Deficiencies Which Cause No Actual Harm With the Potential for Minimal Harm” (Form A), within 10 working days of the last day of survey.
3. If the facility is in substantial compliance, but deficiencies constitute a pattern or widespread findings causing no actual harm and potential for only minimal harm, the State instructs the facility to submit a plan of correction to the State’s office. (This must be submitted within 10 calendar days after the facility has received its Statement of Deficiencies.) There is no requirement for the State to conduct a revisit to verify correction, but the facility is expected to comply with its plan of correction.

Center for Medicare and Medicaid Services, State Operations Manual, Chapter 2- The Certification Process states in part:

2138G - Schedule for Recertification

(Rev. 91, Issued: 09-27-13, Effective: 09-27-13, Implementation: 09-27-13)

The SA completes a recertification survey an average of every 12 months and at least once every 15 months (see §2141).

2141 - Recertification - ICFs/IID

(Rev. 91, Issued: 09-27-13, Effective: 09-27-13, Implementation: 09-27-13)

- The regulation at §442.15 provides that provider agreements for ICF/IID’s would remain in effect as long as the facility remains in compliance with the Conditions Of Participation (COP’s). Regulations at §442.109 through §442.111.

- Beginning on May 16, 2012, ICF/IID's are no longer subject to time-limited agreements. However, they are to be surveyed for re-certification an average of every 12 months and at least once every 15 months.
- If during a survey the survey agency finds a facility does not meet the standards for participation the facility may remain certified if the survey agency makes two determinations – The facility may maintain its certification if the survey agency finds Immediate Jeopardy doesn't exist, and if the facility provides an acceptable plan of correction.

Title 42, Code of Federal Regulations, Section 488.402 General provisions. States in part:

- (d) Plan of correction requirement. (1) Except as specified in paragraph (d)(2) of this section, regardless of which remedy is applied, each facility that has deficiencies with respect to program requirements must submit a plan of correction for approval by CMS or the survey agency. (2) Isolated deficiencies. A facility is not required to submit a plan of correction when it has deficiencies that are isolated and have a potential for minimal harm, but no actual harm has occurred.

**2014-047                      The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately document inspections of Medicaid Adult Family Home providers.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Controls
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Special Tests and Provisions – Provider Eligibility
<b>Questioned Cost Amount:</b>	None

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion in federal and state funds during fiscal year 2014.

Almost \$3.4 billion in total Medicaid spending relates to the Department of Social and Health Services.

The Medicaid program is the major source of public funding for long-term care services. The Medicaid Residential Long-Term Care program permits states to provide long-term care services to Medicaid beneficiaries in community settings, avoiding institutionalization.

Services are provided in adult family homes, which are residential homes licensed to care for up to six non-related clients. They provide room and board, laundry, necessary supervision and assist clients with daily living activities, personal care, and social services. All licensed adult family homes must meet basic qualifications to provide services to Medicaid clients, which include home inspections conducted by the Department.

The Department, Aging and Long-Term Support Administration, Residential Care Services Division is responsible for licensure oversight and compliance to ensure the safety, health, and well-being of residents and to continue providing services to Medicaid clients. Inspections

are performed by Department field office licensors. All adult family homes licensed by the Department are required to be inspected at least every 18 months. These requirements are intended to identify potential fraud, neglect, and abuse and to ensure program integrity and the ongoing safety of all adult family home residents. The documentation of these inspections is critical to support whether complete inspections took place and to support citations written due to provider or licensee noncompliance.

In fiscal year 2014, the Department paid approximately \$154 million to more than 2,400 licensed adult family home providers that provided services to Medicaid clients.

### **Description of Condition**

The Department's Inspection Operational Principles and Procedures Manual requires licensors to perform 13 processes for each inspection.

We randomly selected 28 of the 2,625 adult family homes that were inspected during the audit period and performed tests to determine whether Department licensing staff performed and documented adult family home inspections as required.

We found six of the 28 (21 percent) facility inspections lacked adequate documentation to support at least one of the required inspection processes was performed. The most common process that lacked documentation was interviews. These six facilities were cited for a deficiency.

### **Cause of Condition**

The Department has policies and procedures in place to ensure adult family home licensing staff document inspections as required in order for providers to remain eligible to provide services to Medicaid clients. However, due to limited resources and lack of monitoring of staff in certain field offices to perform the required inspections, the Department is at times unable to ensure all inspections are fully and adequately documented.

Additionally, the Department does not have controls to ensure facility inspections are reviewed for completeness in accordance with the Department's policies and procedures. The Department's documentation requirements are not effectively communicated to licensors and field office managers, leaving licensors to rely on their own judgment for adequately completing home inspections.

We consider this control deficiency to be a material weakness.

### **Effect of Condition**

An adult family home that does not receive a full inspection is not eligible to provide services to Medicaid clients, which could potentially endanger the safety and well-being of Medicaid clients residing in the adult family home. Licensing staff must document all required areas of inspection when a citation for deficiency is issued to ensure the provider has met all provider

eligibility requirements, and communicate any deficiencies to Residential Care Services management.

### **Recommendation**

We recommend the Department strengthen its internal controls by:

- Effectively communicating to staff facility inspection documentation requirements.
- Implementing a secondary review to ensure all required processes for inspections are adequately documented.

### **Department's Response**

*The Department partially concurs with this finding.*

*The Department wants to recognize there are a number of documents that make up an inspection. Several documents were used to record evidence in an inspection. If the audit found some documents were not located in working paper files or were documented incomplete, there was no audit evidence to reveal these audit findings constituted the lack of a full inspection. There was also no evidence to reveal the audit findings had any negative outcome on residents. The Department conducted full inspections.*

*Historically it was not part of the Department's inspection quality assurance activities to audit the documentation in working papers for every full inspection. The Department management staff periodically review documentation in discussion with inspectors related to the Statement of Deficiencies report, especially when there is harm involved and any need for enforcement. This is an internal control to review documentation. The Department does not have the resources to audit every document collected in a full inspection.*

*The Department trains staff to document evidence in an inspection in orientation and when the inspection process and forms are updated. The Adult Family Home Quality Assurance Training Program Manager has conducted periodic sample record reviews checking required documentation. In addition, the Department is committed to continuous quality improvement and will strengthen standard operating procedures to clearly communicate that it is a required process to follow for Adult Family Home inspections and that forms must be consistently used to document observations and findings. Furthermore, as part of the Department's commitment to help ensure policy and training, staff will train Adult Family Home licensors to the inspection standard operating procedures and on the consistent required use of all applicable forms.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We reaffirm our finding and will review the status of the Department's corrective action during our next audit.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in internal controls over compliance in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.



Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

RCW 70.128.070, License – Inspections – Corrections of violations, states:

- (1) A license shall remain valid unless voluntarily surrendered, suspended, or revoked in accordance with this chapter.
- (2) (a) Homes applying for a license shall be inspected at the time of licensure.  
(b) Homes licensed by the department shall be inspected *at least* every eighteen months, with an annual average of fifteen months. However, an adult family home may be allowed to continue without inspection for two years if the adult family home had no inspection citations for the past three consecutive inspections and has received no written notice of violations resulting from complaint investigations during that same time period.  
(c) The department may make an unannounced inspection of a licensed home at any time to assure that the home and provider are in compliance with this chapter and the rules adopted under this chapter.
- (3) If the department finds that the home is not in compliance with this chapter, it shall require the home to correct any violations as provided in this chapter.

RCW 70.128.090 Inspections – Generally.

- (1) During inspections of an adult family home, the department shall have access and authority to examine areas and articles in the home used to provide care or support to residents, including residents' records, accounts, and the physical premises, including the buildings, grounds, and equipment. The personal records of the provider are not subject to department inspection nor is the separate bedroom of the provider, not used in direct care of a client, subject to review. The department may inspect all rooms during the initial licensing of the home. However, during a complaint investigation, the department shall have access to the entire premises and all pertinent records when necessary to conduct official business. The department also shall have the authority to interview the provider and residents of an adult family home.
- (2) Whenever an inspection is conducted, the department shall prepare a written report that summarizes all information obtained during the inspection, and if the home is in violation of this chapter, serve a copy of the inspection report upon the provider at the same time as a notice of violation. This notice shall be mailed to the provider within ten working days of the completion of the inspection process. If the home is not in violation of this chapter, a copy of the inspection report shall be mailed to the provider within ten calendar days of the inspection of the home. All inspection reports shall be made available to the public at the department during business hours.
- (3) The provider shall develop corrective measures for any violations found by the department's inspection. The department shall upon request provide consultation

and technical assistance to assist the provider in developing effective corrective measures. The department shall include a statement of the provider's corrective measures in the department's inspection report.

Residential Care Services (RCS) Operational Principles and Procedures for Adult Family Home Licensing Inspections, states in part:

III – Operational Principles

A. Residential Care Services will conduct unannounced inspections in a licensed adult family home (AFH) at least every 18 months, except that:

1. RCS may inspect every 24 months if the AFH has:
  - a. No citations for the past three consecutive inspections; and
  - b. Received no conditions or citations resulting from complaint investigations during the same time period.

IV – Inspection Procedures

A. The field staff will use the following inspection processes:

1. Preparation for the on-site inspection
2. Entrance on-site
3. Tour
4. Interviews
5. Observations
6. Medication Service
7. Food Service
8. Abuse/Neglect Prevention
9. Resident Record Review
10. Administrative Staff Record Review and Staff Interview
11. Exit Preparation
12. Exit
13. Follow-up Inspection (if needed)

RCS Community Programs - Principles of Documentation – Legal Aspects of the Statement of Deficiencies, states, in part:

“Licensors are required to record all of the facts and information that citations of provider/licensee noncompliance are based on. The licensor must be able to provide consistent and accurate records of the facts and information at any time.”

**2014-048**                    **The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Medicaid Adult Family Home providers to ensure all providers, caregivers and resident managers who are employed directly or by contract have proper background checks.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Controls
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions – Provider Eligibility
<b>Questioned Cost Amount:</b>	\$1,082,213

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion in federal and state funds during fiscal year 2014.

Almost \$3.4 billion in total Medicaid spending relates to the Department of Social and Health Services, of which it paid approximately \$154 million to more than 2,400 licensed providers that provided adult family home services to about 9,100 Medicaid clients.

The Medicaid program is the major source of public funding for long-term care services. The Medicaid Home and Community Based Services program permits states to furnish long-term care services to Medicaid beneficiaries in community settings. These services are provided in adult family homes by individuals or agencies most often chosen by the Medicaid client or their family.

All providers must meet basic qualifications to provide services to Medicaid clients, which include background checks, certifications and training. Adult Family Home providers and

their employees must complete a state background check and after January 7, 2012, a national fingerprint background check through the Department's Background Check Central Unit.

The Department's Aging and Long-Term Support Administration, Residential Care Services unit is responsible for ensuring that all adult family homes and their providers meet and maintain minimum licensing requirements to continue providing services to Medicaid clients. The Department performs an inspection of all adult family homes at least every 18 months to ensure the adult family home provider is in compliance with all requirements to remain eligible to provide Medicaid services to clients. During the inspection, Department staff review background check result letters for the provider, resident manager and adult family home employee to ensure they are eligible to work and have completed the required background check every two years.

The Secretary of the Department establishes crimes that automatically disqualify individuals from serving vulnerable clients through a list referred to as "the Secretary's List." Individuals with crimes on the Secretary's List are automatically prohibited from "*licensing, contracting, certification, or from having unsupervised access to children or to individuals with a developmental disability.*" If an individual has a criminal record(s) that does not automatically disqualify the individual, the provider must perform a Character, Competency, and Suitability Review to determine if the individual can have unsupervised access to clients.

During the previous audit, we reported the Department did not ensure providers completed background checks before providing services to Medicaid clients. The prior finding number was 2013-037.

### **Description of Condition**

#### *Adult Family Home providers:*

We tested to determine whether adult family home providers were qualified to provide services to Medicaid clients. These providers were found in the Department's background check database using their social security number, or name and date of birth.

We reviewed records for 1,271 adult family home providers and found 111(8.7 percent) did not renew their background checks in a timely manner and received payments from the Department for those months while providing ineligible Medicaid services.

<b>Number of months clients received services paid by Medicaid by a provider without a background check</b>	<b>Number of Providers</b>
1-3 Months	53
4-6 Months	25
7-11 Months	13
1 Year or More	20
<b>Total</b>	<b>111</b>

In addition, we randomly selected a sample of 31 providers out of 109 identified as having non-disqualifying criminal records. We found the Department did not document a Character, Competence and Suitability review on six of the 31 licensed providers. Ten providers in the sample did not respond to our request, and therefore we cannot determine whether or not they are eligible to provide Medicaid services.

#### *Adult Family Home employees*

Using wage information reported by employers, we identified 8,951 employees working for adult family home providers in fiscal year 2014. In addition, a social security number match was performed with the Department's background check database to determine if background checks were completed for each employee.

We found:

- Background checks for 187 staff were not completed within the last two years.
- A Character, Competence and Suitability Review was not completed for 50 staff with criminal histories.
- Five individuals provided services for at least one full month while having an automatically disqualifying criminal history. Two of these individuals were terminated by their employers prior to our audit. However, the providers did not present evidence of termination for the remaining three individuals. The Department is currently following up on this matter.

#### **Cause of Condition**

The Department has procedures in place to ensure adult family homes meet minimum licensing requirements. However, there is a high rate of turn-over in employees in adult family homes, which increases the risk of provider noncompliance with state and federal background check requirements.

During the audit period, Residential Care Services revised its inspection policies to test 100% of staff for background checks during their on-site visits. However, this measure is only effective in detecting individuals who are *currently* working without a background check at the time of inspection. Up to 18 months may pass before an adult family home receives another inspection from the Department, which could allow a significant period of time for an individual to work without a background check and then be terminated by their provider.

In addition, the Department does not have adequate controls in place to ensure providers renew background checks in a timely manner, and that disqualified employees do not have access to vulnerable adults.

We consider this control deficiency to be a significant deficiency.

## **Effect of Condition and Questioned Costs**

The Department paid a total of \$2,164,626 to 111 providers who did not complete a required background check at the time the services were provided.

We are questioning \$1,082,313, which is the federal portion of the unallowable payments. The federal share of expenditures is calculated using the state's 2014 FMAP rate of 50 percent.

A person who does not meet the background check requirement is not eligible to provide services to Medicaid clients, which could potentially expose vulnerable Medicaid clients residing in adult family homes to neglect, harm, and abuse. Any payments made by the Department to ineligible providers are unallowable.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

## **Recommendation**

We recommend the Department:

- Improve internal controls to ensure adult family home providers complete background checks in a timely manner.
- Strengthen its monitoring of adult family home providers to ensure they perform adequate background checks of all caregivers, representatives and resident managers who are employed directly or by contract.
- Follow-up on background check results and ensure disqualified caregivers do not have access to vulnerable adults.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

## **Department's Response**

*The Department agrees that compliance with all adult family home regulations is paramount to ensuring vulnerable clients are safe from neglect, harm and abuse.*

*The Residential Care Services conducts unannounced inspections within 18 months (with a 15-month average) of all adult family homes. In April 2014, the Department changed its policies and procedures to check backgrounds for all employees, the provider, and resident manager at the time of inspection. In addition to inspecting 100% of background checks for employees employed at the time of inspection, the Department does investigate adult family home complaints, including those related to background checks.*

*Adult family homes have a high employee turnover rate. The Department does not have the resources to visit an Adult Family Home between inspections each time a caregiver changes to validate the background check. Under RCW 70.128.130(13), the responsibility of determining an adult family home employee's eligibility to have unsupervised access to clients*

*belongs to the adult family home provider. As part of the inspections, the staff record review process determines if the home has a system to check that all staff are qualified and required background checks have been performed.*

*When the Department identifies ineligible providers during on-site visits, swift and serious action is taken to ensure clients are safe and providers are compliant. These actions include citation, stop placement, condition, revocation and civil fine, depending on the severity of the finding. All of these findings are available to the public for inspection.*

*The Department will continue to tighten up its monitoring of AFH providers staff background checks. These efforts will continue to be accomplished through the Department's facility licensing, annual facility survey and investigatory business protocols.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
- c. Be authorized or not prohibited under State or local laws or regulations.
- d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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- (1) A license shall remain valid unless voluntarily surrendered, suspended, or revoked in accordance with this chapter.
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(b) Homes licensed by the department shall be inspected at least every eighteen months, with an annual average of fifteen months. However, an adult family home may be allowed to continue without inspection for two years if the adult family home had no inspection citations for the past three consecutive inspections and has received no written notice of violations resulting from complaint investigations during that same time period.  
(c) The department may make an unannounced inspection of a licensed home at any time to assure that the home and provider are in compliance with this chapter and the rules adopted under this chapter.
- (3) If the department finds that the home is not in compliance with this chapter, it shall require the home to correct any violations as provided in this chapter

RCW 74.39A.056, Criminal history checks on long-term care workers, states:

- (1) (a) All long-term care workers shall be screened through state and federal background checks in a uniform and timely manner to verify that they do not have a criminal history that would disqualify them from working with vulnerable persons. The department must perform criminal background checks for individual providers and prospective individual providers and make the information available as provided by law.  
(b) (i) Except as provided in (b)(ii) of this subsection, for long-term care workers hired after January 7, 2012, the background checks required under this section shall include checking against the federal bureau of investigation fingerprint identification records system and against the national sex offenders registry or their successor programs. The department shall require these long-term care workers to submit fingerprints for the purpose of investigating conviction records through both the Washington state patrol and the federal bureau of investigation. The department shall not pass on the cost of these criminal background checks to the workers or their employers.  
(ii) This subsection does not apply to long-term care workers employed by community residential service businesses until January 1, 2016.  
(c) The department shall share state and federal background check results with the department of health in accordance with RCW 18.88B.080.
- (2) No provider, or its staff, or long-term care worker, or prospective provider or long-term care worker, with a stipulated finding of fact, conclusion of law, an agreed order, or finding of fact, conclusion of law, or final order issued by a disciplining authority or a court of law or entered into a state registry with a final substantiated finding of abuse, neglect, exploitation, or abandonment of a minor or a vulnerable

adult as defined in chapter 74.34 RCW shall be employed in the care of and have unsupervised access to vulnerable adults.

- (3) The department shall establish, by rule, a state registry which contains identifying information about long-term care workers identified under this chapter who have final substantiated findings of abuse, neglect, financial exploitation, or abandonment of a vulnerable adult as defined in RCW 74.34.020. The rule must include disclosure, disposition of findings, notification, findings of fact, appeal rights, and fair hearing requirements. The department shall disclose, upon request, final substantiated findings of abuse, neglect, financial exploitation, or abandonment to any person so requesting this information. This information must also be shared with the department of health to advance the purposes of chapter 18.88B RCW.
- (4) The department shall adopt rules to implement this section.

WAC 388-76-10015, License-Adult family home-compliance required, states:

- (1) The licensed adult family home must comply with all the requirements established in chapters 70.128, 70.129, 74.34 RCW, this chapter and other applicable laws and regulations including chapter 74.39A RCW; and
- (2) The provider is ultimately responsible for the day-to-day operation of each licensed home.
- (3) The provider must promote the health, safety, and well-being of each resident residing in each licensed adult family home.

WAC 388-76-10161, Background checks -- Who is required to have.

- (1) An adult family home applicant and anyone affiliated with an applicant must have the following background checks before licensure:
  - (a) A Washington state name and date of birth background check; and
  - (b) If applying after January 7, 2012, a national fingerprint background check.
- (2) The adult family home must ensure that all caregivers, entity representatives, and resident managers who are employed directly or by contract after January 7, 2012, have the following background checks:
  - (a) A Washington state name and date of birth background check; and
  - (b) A national fingerprint background check.
- (3) All household members over the age of eleven, volunteers, students, and noncaregiving staff who may have unsupervised access to residents must have a Washington state name and date of birth background check. They are not required to have a national fingerprint background check

WAC 388-76-10165 Background checks – Washington State name and date of birth background check – Valid for two years – National fingerprint background check – Valid indefinitely, states:

- (1) A Washington state name and date of birth background check is valid for two years from the initial date it is conducted. The adult family home must ensure:

- (a) A new DSHS background authorization form is submitted to the department's background check central unit every two years for each individual listed in WAC 388-76-10161;
  - (b) There is a valid Washington state background check for all individuals listed in WAC 388-76-10161.
- (2) A national fingerprint background check is valid for an indefinite period of time. The adult family home must ensure there is a valid national fingerprint background check for individuals hired after January 7, 2012 as caregivers, entity representatives or resident managers. To be considered valid, the individual must have completed the national fingerprint background check through the background check central unit after January 7, 2012.

WAC 388-76-10166 Background checks – Household members, noncaregiving and unpaid staff – Unsupervised access.

- (1) The adult family home must not allow individuals specified in WAC 388-76-10161(3) to have unsupervised access to residents until the home receives results of the Washington state name and date of birth background check from the department verifying that the person does not have convictions or findings described in WAC 388-76-10180.
- (2) If any background check results show that the person has a conviction or finding that is not automatically disqualifying under WAC 388-76-10180, then the adult family home must:
- (a) Determine whether or not the person has the character, competence and suitability to have unsupervised access to residents; and
  - (b) Document in writing the basis for making the decision.

WAC 388-76-10175 Background checks – Employment – Conditional hire – Pending results of Washington state name and date of birth background check, states:

An adult family home may conditionally employ a person directly or by contract, pending the result of a background check, provided the home:

- (1) Submits the Washington state name and date of birth background check no later than business day after conditional employment;;
- (2) Requires the individual to sign a disclosure statement and the individual denies having been convicted of a disqualifying crime or a disqualifying finding under WAC 388-76-10180;
- (3) Does not allow the individual to have unsupervised access to any resident;
- (4) Ensures direct supervision of the individual, as defined in WAC 388-76-10000; and
- (5) Ensures the individual is competent and receives the necessary training to perform assigned tasks and meets the staff training requirements under chapter 388-112 WAC.

WAC 388-76-10176 Background checks – Employment – Provisional hire – Pending results of national fingerprint check.

The adult family home may provisionally employ individuals hired after January 7, 2012 and listed in WAC 388-76-10161(2) for one hundred twenty-days and allow those individuals to have unsupervised access to residents when:

- (1) The individual is not disqualified based on the results of the Washington state name and date of birth background check; and
- (2) The results of the national fingerprint background check are pending.

WAC 388-76-10180 Background checks – Employment – Disqualifying information, states:

The adult family home must not employ anyone, directly or by contract, who is listed in (2) if the individual has any convictions, history, or findings, described below:

- (1) Has a history of significant noncompliance with federal or state laws or regulations in the provision of care or services to children or vulnerable adults;
- (2) Has been convicted of a crime in any federal or state court, and the department determines that the crime is equivalent to a crime under subsections (3), (4), (5), (6), or (g), below;
- (3) Has been convicted of a "crime against children or other persons" as defined in RCW 43.43.830, unless the crime is simple assault, assault in the fourth degree, or prostitution and more than three years have passed since conviction;
- (4) Has been convicted of "crimes relating to financial exploitation" as defined in RCW 43.43.830, unless the crime is theft in third degree and more than three years have passed since conviction, or unless the crime is forgery or theft in the second degree and more than five years have passed since conviction;
- (5) Has been convicted of the manufacture or delivery of drugs or of possession with intent to manufacture or deliver drugs under one of the following laws:
  - (a) Violation of the Imitation Controlled Substances Act (VICSA);
  - (b) Violation of the Uniform Controlled Substances Act (VUCSA);
  - (c) Violation of the Uniform Legend Drug Act (VULDA); or
  - (d) Violation of the Uniform Precursor Drug Act (VUPDA).
- (6) Has been convicted of sending or bringing into the state depictions of a minor engaged in sexually explicit conduct;
- (7) Has been convicted of criminal mistreatment;
- (8) Has been found to have abused, neglected, financially exploited, or abandoned a minor or vulnerable adult by court of law or a disciplining authority, including the department of health. Examples of legal proceedings in which such findings could be made include juvenile court proceedings under chapter 13.34 RCW, domestic relations proceeding under Title 26 RCW, and vulnerable adult protection proceedings under chapter 74.34 RCW;
- (9) Has a finding of abuse or neglect of a child that is:
  - (a) Listed on the department's background check central unit report; or
  - (b) Disclosed by the individual, except for findings made before December, 1998.
- (10) Has a finding of abuse, neglect, financial exploitation, or abandonment of a vulnerable adult that is:

- (a) Listed on any registry, including the department's registry;
  - (b) Listed on the department's background check central unit report; or
  - (c) Disclosed by the individual, except for adult protective services findings made before October, 2003.
- (11) Pending the results of the background checks, conditional or provisional hiring may be allowed under WAC 388-76-10175 and WAC 388-76-10176.

WAC 388-76-10181 Background checks – Employment – Nondisqualifying information.

- (1) If any background check results show that an employee or prospective employee has a conviction or finding that is not automatically disqualifying under WAC 388-76-10180, then the adult family home must:
  - (a) Determine whether the person has the character, competence and suitability to work with vulnerable adults in long term care; and
  - (b) Document in writing the basis for making the decision
- (2) Nothing in this section should be interpreted as requiring the employment of any person against the better judgment of the adult family home.

**2014-049**

**The Department of Social and Health Services, Aging and Long-Term Support Administration, made unallowable payments to Medicaid providers who did not meet background check requirements for in home care providers.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Provider Eligibility
<b>Questioned Cost Amount:</b>	\$257,875

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion in federal and state funds during fiscal year 2014.

Almost \$3.4 billion in total Medicaid spending relates to the Department of Social and Health Services, of which it paid approximately \$194 million to more than 19,000 in-home service individual providers for their services.

The Medicaid program is the major source of public funding for long-term care services. The Medicaid Home and Community Based Services program permits states to furnish long-term care services to Medicaid beneficiaries in home and community settings. These services are provided in the client's home by individuals or agencies often chosen by the Medicaid client.

All individual providers must meet basic qualifications to provide services to Medicaid clients. They must be at least 18 years old, authorized to work in the United States and meet the Department's minimum training requirement.

In addition, individual providers must successfully complete state and national fingerprint-based background checks every two years. Effective January 8, 2012, both state and national fingerprint background checks must be conducted for all providers, or for applicants who have not lived in Washington State for three consecutive years.

The Secretary of the Department establishes crimes that automatically disqualify individuals from serving vulnerable clients through a list referred to as “the Secretary’s List.” Individuals with crimes on the Secretary’s List are automatically prohibited from *“licensing, contracting, certification, or from having unsupervised access to children or to individuals with a developmental disability.”* If an individual has a criminal record(s) that does not automatically disqualify the individual, the provider must perform a Character, Competency, and Suitability Review to determine if the individual can have unsupervised access to clients.

### **Description of Condition**

During the previous audit, we reported the Department did not ensure providers completed background checks before providing services to Medicaid clients. The prior finding number was 2013-040, 12-41, 11-34.

We reviewed all 19,433 providers who provided in-home care during fiscal year 2014 to ensure that:

- A proper background check had been completed within the last two years.
- No individuals with disqualifying crimes listed on the Secretary’s List were employed at the time of the audit, or during the month[s] in which they worked.
- Staff with criminal records that were not listed on the Secretary’s List passed a Character, Competence and Suitability (CCS) Review permitting them to work unsupervised with vulnerable adults.
- The entire period in which the provider had access to Medicaid clients was covered by a Washington State background check.

We found:

- Background checks for 28 providers were not completed in a timely manner, ranging from 1 to 10 months after the provider had begun to provide care to a Medicaid client without a cleared background check.
- The Department paid 69 providers who worked with automatically disqualifying criminal histories. The Department terminated 34 providers before verification of background checks were requested by our office. The Department is in the process of reviewing the remaining 35 providers.
- The Department did not ensure that a required fingerprint-based background check was performed for one provider after their 120-day provisional hire period while employed.

## Cause of Condition

The Department has adequate procedures in place to materially ensure individual providers meet the background check requirements. However, in some instances, the Department did not confirm that provider background checks were completed every two years as required by state rules.

The Department has improved the overall communication of Departmental policies and procedures to unit managers at AAA's that oversee provider contracts.

## Effect of Condition and Questioned Costs

Providers who do not meet the background check requirement are not eligible to provide services to Medicaid clients. Any payments made by the Department to ineligible providers are unallowable.

The following table summarizes the unallowable payments we identified in the audit by condition:

Condition	Number of providers	Total unallowable payments
Providers working without a background check	28	\$210,979
Providers who worked with disqualifying criminal histories	69	\$293,446
Providers who did not complete a required fingerprint background check	1	\$11,326
	<b>98</b>	<b>\$515,751</b>

We are questioning \$257,875, which is the federal portion of the unallowable payments. The federal share is calculated using the state's 2014 FMAP rate of 50 percent.

We question costs when we find an agency has not complied with state or federal regulations, and/or when it does not have adequate documentation to support expenditures.

## Recommendation

We recommend the Department:

- Follow-up on background check results and ensure ineligible providers do not have access to vulnerable Medicaid clients.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.



## **Department's Response**

*The Department concurs with this finding.*

*The Department is pleased that its efforts, and the efforts of its partners, have resulted in 99.5% compliance with background check requirements.*

*The Department will continue to work with the Background Check Central Unit to strengthen processes that may provide a timelier and more consistent way to inform field staff about disqualifying background check results. In addition, the Department will continue to work with field offices to improve timely background check tracking and explore additional tools to assist in this tracking.*

*The Department will determine the federal portion of the unallowable expenditures that should be returned.*

## **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines states in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.

- c. Be authorized or not prohibited under State or local laws or regulations.
- d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

RCW 74.39A.056, Criminal history checks on long-term care workers, states:

- (1) (a) All long-term care workers shall be screened through state and federal background checks in a uniform and timely manner to verify that they do not have a criminal history that would disqualify them from working with vulnerable persons. The department must perform criminal background checks for individual providers and prospective individual providers and make the information available as provided by law.
- (b) (i) Except as provided in (b)(ii) of this subsection, for long-term care workers hired after January 7, 2012, the background checks required under this section shall include checking against the federal bureau of investigation fingerprint identification records system and against the national sex offenders registry or their successor programs. The department shall require these long-term care workers to submit fingerprints for the purpose of investigating conviction records through both the Washington state patrol and the federal bureau of investigation. The department shall not pass on the cost of these criminal background checks to the workers or their employers.
- (ii) This subsection does not apply to long-term care workers employed by community residential service businesses until January 1, 2016.
- (c) The department shall share state and federal background check results with the department of health in accordance with RCW 18.88B.080.
- (2) No provider, or its staff, or long-term care worker, or prospective provider or long-term care worker, with a stipulated finding of fact, conclusion of law, an agreed order, or finding of fact, conclusion of law, or final order issued by a disciplining authority or a court of law or entered into a state registry with a final substantiated finding of abuse, neglect, exploitation, or abandonment of a minor or a vulnerable adult as defined in chapter 74.34 RCW shall be employed in the care of and have unsupervised access to vulnerable adults.
- (3) The department shall establish, by rule, a state registry which contains identifying information about long-term care workers identified under this chapter who have final substantiated findings of abuse, neglect, financial exploitation, or abandonment of a vulnerable adult as defined in RCW 74.34.020. The rule must include disclosure, disposition of findings, notification, findings of fact, appeal rights, and fair hearing requirements. The department shall disclose, upon request, final substantiated findings of abuse, neglect, financial exploitation, or abandonment to any person so requesting this information. This information must also be shared with the department of health to advance the purposes of chapter 18.88B RCW.

(4) The department shall adopt rules to implement this section.

WAC 388-71-0510, "How does a person become an individual provider?", states:

In order to become an individual provider, a person must:

- (1) Be eighteen years of age or older;
- (2) Provide the social worker/case manager/designee with:
  - (a) A valid Washington state driver's license or other valid picture identification; and either
  - (b) A Social Security card; or
  - (c) Proof of authorization to work in the United States.
- (3) Complete the required DSHS form authorizing a background check;
- (4) Disclose any disqualifying criminal convictions and pending charges, and also disclose civil adjudication proceedings and negative actions as those terms are defined in WAC 388-71-0512;
- (5) Effective January 8, 2012, be screened through Washington state's name and date of birth background check. Preliminary results may require a thumb print for identification purposes.
- (6) Effective January 8, 2012, be screened through the Washington state and national fingerprint-based background check, as required by RCW 74.39A.056.
- (7) Results of background checks are provided to the department and the employer or potential employer unless otherwise prohibited by law or regulation for the purpose of determining whether the person:
  - (a) Is disqualified based on a disqualifying criminal conviction, a pending charge for a disqualifying crime, civil adjudication proceeding, or negative action; or
  - (b) Should or should not be employed as an individual provider based on his or her character, competence, and/or suitability.
- (8) Disqualifying crimes, civil adjudication proceedings, and negative actions are listed in WAC 388-71-0540 (4), (5) and (6).

WAC 388-71-0513 Is a background check required of a long-term care worker employed by a home care agency licensed by the department of health?

In order to be a long-term care worker employed by a home care agency, a person must:

- (1) Complete the required DSHS form authorizing a background check.
- (2) Disclose any disqualifying criminal convictions and pending charges as listed in WAC [388-113-0020](#), and also disclose civil adjudication proceedings and negative actions as those terms are defined in WAC [388-71-0512](#).
- (3) Effective January 8, 2012, be screened through Washington state's name and date of birth background check. Preliminary results may require a thumb print for identification purposes.
- (4) Effective January 8, 2012, be screened through the Washington state and national fingerprint-based background check, as required by RCW [74.39A.056](#).

- (5) Results of background checks are provided to the department and the employer or potential employer for the purpose of determining whether the person:
  - (a) Is disqualified based on a disqualifying criminal conviction, a pending charge for a disqualifying crime, civil adjudication proceeding, or negative action; or
  - (b) Should or should not be employed based on his or her character, competence, and/or suitability.
- (6) Disqualifying crimes, civil adjudication proceeding, and negative actions are listed in WAC 388-71-0540 (4), (5) and (6).
- (7) For those providers listed in RCW [43.43.837](#)(1), a second national fingerprint-based background check is required if they have lived out of the state of Washington since the first national fingerprint-based background check was completed.
- (8) The department may require a long-term care worker to have a Washington state name and date of birth background check or a Washington state and national fingerprint-based background check, or both, at any time.

WAC 388-71-0514 Can an individual provider or licensed home care agency long-term care worker work pending the outcome of the national fingerprint-based background check?

An individual provider or licensed home care agency long-term care worker may work up to one hundred twenty days pending the outcome of the Washington state and national fingerprint-based background check, provided that the person is not disqualified as a result of Washington state's name and date of birth background check or for character, competence, or suitability.

WAC 388-101-3090 The department must deny - Application

- (1) The department must deny an application for initial certification or change of ownership if any person named in the application has:
  - (a) Been convicted of a crime listed under WAC 388-06-0170(1);
  - (b) Been convicted of a disqualifying crime under WAC 388-06-0180;
  - (c) Been found by a court in a criminal proceeding, a protection proceeding, or a civil damages lawsuit under chapter 74.34 RCW, to have abused, neglected, abandoned, or financially exploited a vulnerable adult;
  - (d) Been found to have abused, neglected, financially exploited, or abandoned a minor or vulnerable adult by a court of law or a disciplining authority, including the department of health. Examples of legal proceedings in which such findings could be made include juvenile court proceedings under chapter 13.34 RCW, domestic relations proceedings under Title 26 RCW, and vulnerable adult protection proceedings under chapter 74.34 RCW;
  - (e) A substantiated finding of abuse or neglect of a child that is:
    - (i) Listed on the department's background check central unit (BCCU) report; or
    - (ii) Disclosed by the individual, except for findings made before December 1998; or

- (f) A substantiated finding of abuse, neglect, financial exploitation, or abandonment of a vulnerable adult that is:
  - (i) Listed on any registry, including the department's registry;
  - (ii) Listed on the department's background check central unit (BCCU) report;  
or
  - (iii) Disclosed by the individual, except for adult protective services findings made before October 2003.
- (2) The department must deny an application for initial certification or change of ownership if any person named in the application has a pending charge for a crime that is disqualifying under this section.

**2014-050**                    **The Department of Social and Health Services improperly claimed federal reimbursement for non-emergency services provided to nonqualified aliens and for payments made on behalf of deceased Medicaid clients.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775     State Medicaid Fraud Controls
	93.777     State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778     Medical Assistance Program (Medicaid; Title XIX)
	93.778A   Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed or Unallowed
<b>Questioned Cost Amount:</b>	\$715,768

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.63 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$9.3 billion in federal and state funds during fiscal year 2014.

Almost \$3.4 billion in total Medicaid spending relates to the Department of Social and Health Services.

### *Non-Emergency Services*

Under federal law all United States citizens and certain legal immigrants who meet Medicaid's financial and non-financial eligibility criteria are eligible to receive Medicaid benefits. Nonqualified aliens are not eligible to receive standard Medicaid benefits, but may be eligible for care and services necessary in an emergency medical situation.

Federal law requires the state to have an Alien Emergency Medical program for medical emergencies for nonqualified aliens who meet all Medicaid program requirements with the exception of immigration status. This program covers low-income families, children and adults who are aged, blind or disabled.

The program defines emergency medical conditions as the sudden onset of a medical condition whose symptoms are acute and severe such that the absence of immediate medical attention could reasonably be expected to result in:

- Placing the patient's health in serious jeopardy
- Serious impairment to bodily functions
- Serious dysfunction of any bodily organ or part

Under the Alien Emergency Medical program, any visit or service not meeting the criteria of an emergency situation is considered unallowable. This includes, but is not limited to:

- Physical, occupational, speech therapy or audiology services
- Hospital clinic services
- Office or clinic-based services rendered by a physician, an ARNP, or any other licensed practitioner
- Laboratory, radiology, and any other diagnostic testing
- Personal care services
- Waiver services
- Nursing facility services
- Home health services

The state can choose to pay for non-emergency services for nonqualified aliens; however, the federal government will not share the cost of these services.

#### Payments after date of death

Federal regulations state that an overpayment is the amount that a Medicaid agency paid to a provider in excess of the amount allowable for provided services. Services cannot be provided after a beneficiary's death, and as such no medical service claims are allowable after a beneficiary's death. Accordingly, payments for services claimed to have been provided after a Medicaid beneficiary's death are overpayments.

The Department receives quarterly data from the state Department of Health which is used to identify deceased Medicaid clients. These clients are then removed from the program. The Department also runs a data query that identifies Medicaid services paid after a client's date of death. Once identified, the Department starts a process to recoup the overpayments made to providers.

## Description of Condition

We found the Department paid for the following unallowable expenditures:

### Non-emergency Services

We identified 578 non-emergency services provided to 27 nonqualified aliens. The following table summarizes the results of our review:

Description	Number of claims	Total Payments	Federal Share*	State Share
Non-emergency services paid for nonqualified aliens	578	\$1,376,162	\$688,081	\$688,081

\* The federal share is calculated using the state's 2014 FMAP rate of 50 percent.

### Payments after date of death

We identified 63 payments for services that occurred after a client's death. The following table summarizes the results of our review:

Description	Number of claims	Total Payments	Federal Share*	State Share
Services provided after date of death	63	\$55,373	\$27,687	\$27,686

\* The federal share is calculated using the state's 2014 FMAP rate of 50 percent.

## Cause of Condition

The Department performs a quarterly review to detect unallowable Medicaid payments for services provided to nonqualified aliens and payments for services provided after a client's death. However, these reviews are not effective to prevent or detect all unallowable payments.

## Effect of Condition and Questioned Costs

When the state provides services to ineligible individuals, or the services are unallowable, the services cannot be claimed for federal reimbursement. During fiscal year 2014, the Department paid \$1,431,535 to providers for services for unallowable activities. We are questioning \$715,768, the federal portion of the unallowable expenditures.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support its expenditures.



## **Recommendation**

We recommend the Department:

- Ensure Medicaid services provided to nonqualified aliens are restricted to emergency services.
- Enhance monitoring procedures for identifying deceased beneficiaries to prevent overpayments.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

## **Department's Response**

*This finding involved several administrations within the Department. Each administration responded individually.*

### **Economic Services Administration (ESA)**

*The Economic Services Administration (ESA) concurs with the finding for the one Community Services Division (CSD) case identified as an exception. CSD has reviewed and taken necessary action to correct the case.*

### **Aging and Long Term Support Administration (ALTSA/HCS)**

#### **Regarding Non-emergency Services –**

*ALTSA (Home and Community Services (HCS)) concurs with the finding.*

*When the Recipient Aid Codes (RACs) for these services was previously changed, the account coding in Provider One was updated for the Developmental Disabilities Administration clients but due to staff error, the correction was missed for the ALTSA clients. The RACs were updated in Provider One and all questioned costs returned to CMS in November 2014.*

#### **Regarding HCS Payments after Death**

*ALTSA found errors in the exceptions issued by the State Auditor's Office in the preliminary draft. These were discussed with the auditor. As a result, the SAO revised the final exceptions. Based on the revised exceptions, ALTSA concurs with this finding and agrees that the federal portion of the unallowable expenditures should be returned. The agreed on amount to be returned by ALTSA for the HCS cases based on this revision is \$21,159.*

*The Department will continue its work to strengthen processes that may provide a timelier and more consistent way to inform field staff about deceased clients. Currently field staff receive this information from a variety of sources, including relatives, death notices in the papers, ACES-Social Security Data Exchange matches, and other sources. The availability and consistency of this information will improve with upgrades to our payment system as*

*ProviderOne is fully implemented this year. At that time, staff should have uniform access to the same data sources for information about client deaths.*

*In the interim, the Department will continue to monitor the Invalid Payments Report that was implemented in December 2012. It identifies potentially invalid payments (payments for services/equipment that appear to have been provided after the client's date of death). The report is reviewed monthly by the ALTSA/HCS Quality Assurance Unit for ALTSA cases.*

*HCS distributed a management bulletin (MB H14-062 dated 8/28/14) to educate all field offices about how to prevent and correct invalid payments. The result was more accurate use of authorization start and termination dates by the field offices, and also a decrease in the number of cases that appear on the Invalid Payments Report.*

*HCS overpayments have been submitted to the DSHS Office of Financial Recovery for the questioned costs. The recovery will be returned to CMS and reported on the CMS-64 when recovered or if not recovered timely, through the MOMS process.*

### **Developmental Disabilities Administration (DDA)**

#### ***Non-Emergency Services***

*DDA did not have findings for payments of non-emergency services paid for nonqualified aliens. We will continue to monitor authorizations to ensure that services continue to be authorized correctly.*

*DDA is also confident that as of January 1, 2015, when claims started being paid through Provider 1, that the edits within that payment system will also prevent payments of non-emergency services to nonqualified aliens.*

#### ***Payments after date of death***

*The SAO review found nine instances of payments totaling \$10,051.57 for DDA services provided after the client's date of death. DDA has processed overpayments for the findings.*

*DDA acknowledges that the target for payment of services, provided after the date of death is zero and we seek to reach that mark but note that the findings are minimal and demonstrate that current methods are working well and reducing future audit findings to zero may be attainable.*

*Current practice includes training for staff to ensure payment of services does not extend past the date of death. Monitoring is done monthly to ensure that all authorizations are terminated on or before the date of death and any payments that may have been made are quickly processed as an overpayment. Additional monitoring is done by an external agency via an algorithm to ensure that any payments not found via the monthly monitoring are collected via the overpayment process. Few payments after the date of death are found via the external audit.*

- 1) *The DDA SSPS Program Manager will continue to provide quarterly reports of SSPS monitoring to management. Regions will report the level of compliance in their quarterly reviews. These reports include monitoring of authorizations open after the date of death.*
- 2) *DDA will continue its partnership with the Health Care Authority and external audit agency Optum, to monitor for payments after the date of death using an algorithm. The algorithm will continue to be run quarterly.*
- 3) *DDA will continue to provide training and direction to staff to ensure authorizing staff understand the need to end date authorizations with a date matching the date of death or earlier as soon as they learn of a client's passing.*
  - a) *DDA participates in the design of the ProviderOne payment system for W2 providers, which will be developed to prevent payments after the death of the client.*
  - b) *Providers receiving a W2 tax form are schedule to transition to ProviderOne in January 2016.*
  - c) *All other providers began receiving payment through ProviderOne January 1, 2015.*
- 4) *Repayment will be made to the US Department of Health and Human Services as required.*

#### **Children's Administration (CA)**

*CA concurs with this finding.*

*Of the exceptions, three pertain to CA. CA will work to strengthen the review of these cases to help minimize the possibility that funds are allocated to Medicaid funding in error.*

*The federal funds for these clients will be returned and we will communicate the information for the Centers for Medicare and Medicaid Services.*

#### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

#### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

- ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

Title 42, Code of Federal Regulations, Section 435.139 Coverage for certain aliens states:

The agency must provide services necessary for the treatment of an emergency medical condition, as defined in §440.255(c) of this chapter, to those aliens described in §435.406(c) of this subpart.

Title 42, Code of Federal Regulations, Section 440.255, Limited services available to certain aliens' states:

- (a) FFP for services. FFP is available for services provided to aliens described in this section which are necessary to treat an emergency medical condition as defined in paragraphs (b)(1) and (c) or services for pregnant women described in paragraph (b)(2).
- (b) Legalized aliens eligible only for emergency services and services for pregnant women. Aliens granted lawful temporary resident status, or lawful permanent resident status under sections 245A, 210 or 210A of the Immigration and Nationality Act, who are not in one of the exempt groups described in §§435.406(a)(3) and 436.406(a)(3) and who meet all other requirements for Medicaid will be eligible for the following services—
  - (1) Emergency services required after the sudden onset of a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:
    - (i) Placing the patient's health in serious jeopardy;
    - (ii) Serious impairment to bodily functions; or
    - (iii) Serious dysfunction of any bodily organ or part.
  - (2) Services for pregnant women which are included in the approved State plan. These services include routine prenatal care, labor and delivery, and routine post-partum care. States, at their option, may provide additional plan services for the treatment of conditions which may complicate the pregnancy or delivery.
- (c) Effective January 1, 1987, aliens who are not lawfully admitted for permanent residence in the United States or permanently residing in the United States under the color of law must receive the services necessary to treat the condition defined in paragraph (1) of this section if—
  - (1) The alien has, after sudden onset, a medical condition (including emergency labor and delivery) manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:
    - (i) Placing the patient's health in serious jeopardy;
    - (ii) Serious impairment to bodily functions; or
    - (iii) Serious dysfunction of any bodily organ or part, and

- (2) The alien otherwise meets the requirements in §§435.406(c) and 436.406(c) of this subpart.

Title 42, Code of Federal Regulations, Section 435.406, Citizenship and alienage states:

- (a) The agency must provide Medicaid to otherwise eligible residents of the United States who are —
- (1) Citizens: (i) Under a declaration required by section 1137(d) of the Act that the individual is a citizen or national of the United States; and
  - (ii) The individual has provided satisfactory documentary evidence of citizenship or national status, as described in §435.407.
  - (iii) An individual for purposes of the declaration and citizenship documentation requirements discussed in paragraphs (a)(1)(i) and (a)(1)(ii) of this section includes both applicants and recipients under a section 1115 demonstration (including a family planning demonstration project) for which a State receives Federal financial participation in their expenditures, as though the expenditures were for medical assistance.
  - (iv) Individuals must declare their citizenship and the State must document the individual's citizenship in the individual's eligibility file on initial applications and initial redeterminations effective July 1, 2006.
  - (v) The following groups of individuals are exempt from the requirements in paragraph (a)(1)(ii) of this section:
    - (A) Individuals receiving SSI benefits under title XVI of the Act.
    - (B) Individuals entitled to or enrolled in any part of Medicare.
    - (C) Individuals receiving disability insurance benefits under section 223 of the Act or monthly benefits under section 202 of the Act, based on the individual's disability (as defined in section 223(d) of the Act).
    - (D) Individuals who are in foster care and who are assisted under Title IV-B of the Act, and individuals who are beneficiaries of foster care maintenance or adoption assistance payments under Title IV-E of the Act.
- (2) (i) Except as specified in 8 U.S.C. 1612(b)(1) (permitting States an option with respect to coverage of certain qualified aliens), qualified aliens as described in section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641) (including qualified aliens subject to the 5-year bar) who have provided satisfactory documentary evidence of Qualified Alien status, which status has been verified with the Department of Homeland Security (DHS) under a declaration required by section 1137(d) of the Act that the applicant or recipient is an alien in a satisfactory immigration status.
- (ii) The eligibility of qualified aliens who are subject to the 5-year bar in 8 U.S.C. 1613 is limited to the benefits described in paragraph (b) of this section.

- (b) The agency must provide payment for the services described in §440.255(c) of this chapter to residents of the State who otherwise meet the eligibility requirements of the State plan (except for receipt of AFDC, SSI, or State Supplementary payments) who are qualified aliens subject to the 5-year bar or who are non-qualified aliens who meet all Medicaid eligibility criteria, except non-qualified aliens need not present a social security number or document immigration status.

Washington Administrative Code (WAC) 182-500-0030, Medical assistance definitions—E., states in part:

"Emergency medical condition" means the sudden onset of a medical condition (including labor and delivery) manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:

- (1) Placing the patient's health in serious jeopardy;
- (2) Serious impairment to bodily functions; or
- (3) Serious dysfunction of any bodily organ or part.

Washington Administrative Code (WAC) 182-507-0115, Alien emergency medical program (AEM), states:

- (1) A person nineteen years of age or older who is not pregnant and meets the eligibility criteria under WAC 182-507-0110 is eligible for the alien emergency medical program's scope of covered services described in this section if the person meets (a) and (b) or (c) of this subsection:
  - (a) The Medicaid agency determines that the primary condition requiring treatment meets the definition of an emergency medical condition as defined in WAC 182-500-0030, and the condition is confirmed through review of clinical records; and
  - (b) The person's qualifying emergency medical condition is treated in one of the following hospital settings:
    - (i) Inpatient;
    - (ii) Outpatient surgery;
    - (iii) Emergency room services, which must include an evaluation and management (E&M) visit by a physician; or
  - (c) Involuntary Treatment Act (ITA) and voluntary inpatient admissions to a hospital psychiatric setting that are authorized by the agency's inpatient mental health designee (see subsection (5) of this section).
- (2) If a person meets the criteria in subsection (1) of this section, the agency will cover and pay for all related medically necessary health care services and professional services provided:
  - (a) By physicians in their office or in a clinic setting immediately prior to the transfer to the hospital, resulting in a direct admission to the hospital; and
  - (b) During the specific emergency room visit, outpatient surgery or inpatient admission. These services include, but are not limited to:
    - (i) Medications;

- (ii) Laboratory, X-ray, and other diagnostics and the professional interpretations;
  - (iii) Medical equipment and supplies;
  - (iv) Anesthesia, surgical, and recovery services;
  - (v) Physician consultation, treatment, surgery, or evaluation services;
  - (vi) Therapy services;
  - (vii) Emergency medical transportation; and
  - (viii) Nonemergency ambulance transportation to transfer the person from a hospital to a long term acute care (LTAC) or an inpatient physical medicine and rehabilitation (PM&R) unit, if that admission is prior authorized by the agency or its designee as described in subsection (3) of this section.
- (3) The agency will cover admissions to an LTAC facility or an inpatient PM&R unit if:
- (a) The original admission to the hospital meets the criteria as described in subsection (1) of this section;
  - (b) The person is transferred directly to this facility from the hospital; and
  - (c) The admission is prior authorized according to LTAC and PM&R program rules (see WAC 182-550-2590 for LTAC and WAC 182-550-2561 for PM&R).
- (4) The agency does not cover any services, regardless of setting, once the person is discharged from the hospital after being treated for a qualifying emergency medical condition authorized by the agency or its designee under this program. Exception: Pharmacy services, drugs, devices, and drug-related supplies listed in WAC 182-530-2000, prescribed on the same day and associated with the qualifying visit or service (as described in subsection (1) of this section) will be covered for a one-time fill and retrospectively reimbursed according to pharmacy program rules.
- (5) Medical necessity of inpatient psychiatric care in the hospital setting must be determined, and any admission must be authorized by the agency's inpatient mental health designee according to the requirements in WAC 182-550-2600.
- (6) There is no precertification or prior authorization for eligibility under this program. Eligibility for the AEM program does not have to be established before an individual begins receiving emergency treatment.
- (7) Under this program, certification is only valid for the period of time the person is receiving services under the criteria described in subsection (1) of this section. The exception for pharmacy services is also applicable as described in subsection (4) of this section.
- (a) For inpatient care, the certification is only for the period of time the person is in the hospital, LTAC, or PM&R facility - The admission date through the discharge date. Upon discharge the person is no longer eligible for coverage.
  - (b) For an outpatient surgery or emergency room service the certification is only for the date of service. If the person is in the hospital overnight, the certification will be the admission date through the discharge date. Upon release from the hospital, the person is no longer eligible for coverage.

- (8) Under this program, any visit or service not meeting the criteria described in subsection (1) of this section is considered not within the scope of service categories as described in WAC 182-501-0060. This includes, but is not limited to:
- (a) Hospital services, care, surgeries, or inpatient admissions to treat any condition which is not considered by the agency to be a qualifying emergency medical condition, including but not limited to:
    - (i) Laboratory X ray, or other diagnostic procedures;
    - (ii) Physical, occupational, speech therapy, or audiology services;
    - (iii) Hospital clinic services; or
    - (iv) Emergency room visits, surgery, or hospital admissions.
  - (b) Any services provided during a hospital admission or visit (meeting the criteria described in subsection (1) of this section), which are not related to the treatment of the qualifying emergency medical condition;
  - (c) Organ transplants, including pre-evaluations, post-operative care, and anti-rejection medication;
  - (d) Services provided outside the hospital settings described in subsection (1) of this section including, but not limited to:
    - (i) Office or clinic-based services rendered by a physician, an ARNP, or any other licensed practitioner;
    - (ii) Prenatal care, except labor and delivery;
    - (iii) Laboratory, radiology, and any other diagnostic testing;
    - (iv) School-based services;
    - (v) Personal care services;
    - (vi) Physical, respiratory, occupational, and speech therapy services;
    - (vii) Waiver services;
    - (viii) Nursing facility services;
    - (ix) Home health services;
    - (x) Hospice services;
    - (xi) Vision services;
    - (xii) Hearing services;
    - (xiii) Dental services;
    - (xiv) Durable and nondurable medical supplies;
    - (xv) Nonemergency medical transportation;
    - (xvi) Interpreter services; and
    - (xvii) Pharmacy services, except as described in subsection (4) of this section.
- (9) The services listed in subsection (8) of this section are not within the scope of service categories for this program and therefore the exception to rule process is not available.
- (10) Providers must not bill the agency for visits or services that do not meet the qualifying criteria described in this section. The agency will identify and recover payment for claims paid in error.





year 2014. Additionally, for the requirement related to tuberculosis services, the Department was relying on expenditures made at the Department of Health to meet the requirement, but the Department of Health staff stated they were unaware the Department of Social and Health Services was using their expenditures to meet this requirement.

### **Cause of Condition**

Accounting staff do not monitor any of the maintenance of effort requirements throughout the fiscal year. For the requirement the Department did not meet, staff stated they obligated enough state funds to meet the requirement through contracts with county entities. County entities, however, have two years to spend the funds. Because the Department believed the counties would spend all funds within one year, they assumed the maintenance of effort requirement would be met based on the amount obligated in their contracts.

We consider these control deficiencies to be a material weakness.

### **Effect of Condition**

Without adequate internal controls in place, the Department could not ensure it would meet all level of effort requirements during the audit period. By not properly monitoring and documenting that level of effort requirements are being met, the Department is not in compliance with federal requirements for its Block Grant.

For the requirement to maintain state spending at a level that is not less than the average spending during the previous two years, we determined the Department spent \$6,921,621 less than what was required for fiscal year 2014.

### **Recommendation**

We recommend the Department establish policies, procedures and other internal controls sufficient to ensure the monitoring and documentation of level of effort requirements is performed. The Department should also actively monitor state-funded spending to ensure it spends at least the minimum required amount each year for the grant. Additionally, if the Department determines it will not meet one of the requirements, it should contact its federal grantor to determine an appropriate course of action.

### **Department's Response**

*The Department concurs with the State Auditor Office finding.*

*The Department's Behavioral Health and Service Integration Administration will:*

- 1. Develop policy, procedures and internal controls to ensure monitoring and documentation of level of effort requirements is performed.*

2. *Actively monitor the state-funded spending. Produce monthly reports showing the status of the state-funded spending and review the monthly reports in order to monitor the capability of meeting the minimum required amount each year.*
3. *Continue to remain in constant communications with our Federal Grantors in order to keep them apprised of our ability to meet the annual minimum required state-funded spending and will work with our Federal Grantors to determine an appropriate course of action if the requirement cannot be met.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations.**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

United States Code, Title 42

§ 300x–30. Maintenance of effort regarding State expenditures

(a) In general

With respect to the principal agency of a State for carrying out authorized activities, a funding agreement for a grant under section 300x–21 of this title for the State for a fiscal year is that such agency will for such year maintain aggregate State expenditures for authorized activities at a level that is not less than the average level of such expenditures maintained by the State for the 2-year period preceding the fiscal year for which the State is applying for the grant.

U.S. Office of Management and Budget Circular A-133, Compliance Supplement 2014, Part 4  
– Department of Health and Human Services, states in part:

CFDA 93.959 – Block Grants for Prevention and Treatment of Substance Abuse

2.1 Level of Effort – *Maintenance of Effort*

- a. The State shall for each fiscal year maintain aggregate State expenditures for authorized activities by the principal agency at a level that is not less than the average level of such expenditures maintained by the State for the 2 State fiscal years preceding the fiscal year for which the State is applying for the grant. The “principal agency” is defined as the single State agency responsible for planning, carrying out and evaluating activities to prevent and treat SA and related activities. The Secretary may exclude from the aggregate State expenditures funds appropriated to the principal agency for authorized activities which are of a non-recurring nature and for a specific purpose (42 USC 300x-30; 45 CFR sections 96.121 and 96.134; and *Federal Register*, July 6, 2001 (66 FR 35658) and November 23, 2001 (66 FR 58746-58747) as specified in II, “Program Procedures – Availability of Other Program Information”).
- b. The State must maintain expenditures at not less than the calculated fiscal year 1994 base amount for SA treatment services for pregnant women and women with dependent children. The fiscal year 1994 base amount was reported in the State’s fiscal year 1995 application (42 USC 300x-27; 45 CFR section 96.124(c)).
- d. The State shall maintain expenditures of non-Federal amounts for tuberculosis services at a level that is not less than an average of such expenditures maintained by the State for the 2 year period preceding the first fiscal year for which the State receives such a grant (42 USC 300x-24; 45 CFR section 96.127).

**2014-052                      The Department of Health does not have adequate internal controls over, and did not comply with, the Federal Funding Accountability and Transparency Act reporting requirements for the Maternal and Child Health Services Block Grant.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.994    Maternal and Child Health Services Block Grant to the States
<b>Federal Award Number:</b>	B04MC26703; B04MC25378; B04MC23416
<b>Applicable Compliance Component:</b>	Reporting
<b>Questioned Cost Amount:</b>	None

## **Background**

The Washington State Department of Health administers the Maternal and Child Health Service Block Grant. This grant addresses the lives and health of pregnant and reproductive-age women, infants, children and adolescents. The Maternal and Child Health Service programs take a broad approach to disease prevention and health promotion to provide benefits across the lifespan.

The Department distributes money to local health jurisdictions, hospitals and health centers who address the issues of preventive and primary care services for children and for services for children with special health care needs. The Department spent approximately \$9.4 million in Maternal and Child Health Services Block Grant funds during fiscal year 2014.

Under the Federal Funding Accountability and Transparency Act (Accountability Act), the Department is required to collect and report information on each subaward or amendment of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System. The reporting must be done by the end of the month following the month in which the sub-award was made. The intent of the Accountability Act is to empower citizens with the ability to hold the government accountable for spending decisions and, as a result, reduce wasteful spending in the government.

The Department's process for Accountability Act reporting starts with staff entering contract information into the agency's financial reporting system after a subaward is executed. When staff are ready to submit an Accountability Act report, they run a report from the financial reporting system to determine what subawards need to be reported. These subawards are then entered into the federal reporting system and a supervisor reviews the information and submits it.

## **Description of Condition**

The Department did not have adequate internal controls in place to ensure the fiscal year 2014 Accountability Act reports were filed correctly. Specifically, the Department did not have internal controls in place that would ensure all subawards are entered into the agency's financial reporting system. We tested 17 subawards and amendments, totaling \$1,271,675, and determined five, totaling \$250,334, were not reported during the audit period. These five subawards did not appear on the financial reports used to determine what should be reported for the Accountability Act.

## **Cause of Condition**

Although the Department has procedures in place for collecting subaward information, it does not have a written process for how to ensure all subawards are entered into the financial reporting system. Additionally, the secondary review the Department has established does not include comparing financial report information to source documents. By comparing only to the financial system reports, subawards not entered into the system would not be detected.

We consider these internal control weaknesses to constitute a material weakness.

## **Effect of Condition**

By not correctly submitting the required Accountability Act reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Department for noncompliance, suspending or terminating the award, and withholding future awards.

## **Recommendation**

We recommend the Department establish written policies and procedures to ensure all Accountability Act reports are submitted accurately. We also recommend that the Department's secondary review includes verifying the accuracy of the reported information.

## **Department's Response**

*We agree that five subawards totaling \$250,334 were not reported during the audit period. This was in part caused by the awards being omitted from our monthly FFATA reporting list due to an error in the criteria used to extract the reporting data from our financial system. This error was discovered and corrected in September 2013.*

*It is currently the practice of the Department for the Grants Unit Supervisor to review and approve FFATA data prior to being submitted in FSRS.*

*The Department will update its written procedures for submitting Accountability Act reports, adding additional detail. The procedures will include the review and approval of FFATA data by the Grants Unit Supervisor prior to being submitted in FSRS and the necessary steps for ensuring all FFATA data is submitted in a timely manner.*

## Auditor's Concluding Remarks

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

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Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 2, Code of Federal Regulations, APPENDIX A TO PART 170—AWARD TERM, states, in part:

I. Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111–5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. Where and when to report.
  - i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
  - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

**The Department of Social and Health Services did not have adequate internal controls to ensure contracts were procured in accordance with state law for the Disability Insurance and Supplemental Security Income programs.**

<b>Federal Awarding Agency:</b>	U.S. Social Security Administration
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	96.001 Social Security—Disability Insurance (DI)
	96.006 Supplemental Security Income (SSI)
<b>Federal Award Number:</b>	12-0404WAD100, 13-0404WAD100, 14-0404WAD100
<b>Applicable Compliance Component:</b>	Procurement
<b>Questioned Cost Amount:</b>	None

The Department of Social and Health Services administers the Disability Insurance and Supplemental Security Income programs. The programs are overseen by Disability Determination Services (DDS), which is part of the Department's Economic Services Administration (ESA). DDS adjudicates medical claims for the Social Security Administration (SSA) to make disability determinations for Washington State.

In state fiscal year 2014, the Department spent approximately \$42.6 million in federal funds for the program. Approximately \$3 million of these funds were paid to providers through 59 personal service social research contracts.

Prior to January 1, 2013 these contracts were exempt from competitive procurement requirements. A new law went into effect for contracts executed after January 1, 2013 that did not include the previous exemptions. State law now requires these contracts to be competitively procured, unless an exemption is requested by agencies and is approved by the Department of Enterprise Services. Federal procurement requirements include following state law.

## **Description of Condition**

We found the Department did not competitively procure any of the 59 social research service contracts in effect during the audit period. The Department believed that these types of contracts were still exempt from competitive procurement requirements. There were no internal controls in place to ensure state law was followed when procuring these services.

## **Cause of Condition**

The individuals responsible for executing contracts at DDS have multiple job duties, many of which are unrelated to contracting. These individuals were not aware of the requirement to competitively procure the social research service contracts. The Department does have a Central Contract Services unit that oversees all contracts at the Department. This unit was responsible for implementing the new state procurement laws and working with ESA and DDS. We determined the individuals executing contracts at the program did not receive adequate guidance from Central Contract Services directing them to the changes with the new state law. We consider this control deficiency to be a material weakness.

## **Effect of Condition**

By not competitively procuring contracts the Department was not in compliance with state law. Because of this the Department may be at risk the federal grantor will take actions that could adversely affect the program and/or the program funding.

## **Recommendation**

We recommend the Department competitively procure its social research service contracts as required by state law or obtain an exemption from these requirements from the Department of Enterprise Services. We also recommend the Department ensure individuals that execute contracts have adequate guidance and training from Central Contract Services.

## **Department's Response**

*The Department concurs with this finding.*

*The Department agrees that the contracts in question were not competitively procured according to the changes in state law.*

*The Department's Economic Services Administration (including DDDS) will work with Central Contract Services to change the contracts process to ensure that future contracts comply with RCW 39.26.*

*The DDDS will continue to participate in ESA and DSHS contracts meetings in an effort to stay informed regarding any updates or changes in law and process.*

*Appropriate DDDS staff will continue to complete contracts training provided by the Department.*

*DDDS will share these audit result with the Social Security Administration.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

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timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

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Remote. The chance of the future event or events occurring is slight.

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Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Revised Code of Washington 39.26.120

#### Competitive solicitation

- (1) Insofar as practicable, all purchases of or contracts for goods and services must be based on a competitive solicitation process. This process may include electronic or web-based solicitations, bids, and signatures. This requirement also applies to procurement of goods and services executed by agencies under delegated authority granted in accordance with RCW 39.26.090 or under RCW 28B.10.029.

Title 20, Code of Federal Regulations, Part 437 —UNIFORM ADMINISTRATIVE  
REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE  
AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements states in part:

§437.36 Procurement.

- (a) *States.* When procuring property and services under a grant, a State must follow the same policies and procedures it uses for procurements from its non-Federal funds. The State must ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees must follow paragraphs (b) through (i) in this section.

**2014-054**                    **The Department of Social and Health Services does not have adequate internal controls to ensure providers were qualified to perform consultative examinations for the Disability Insurance and Supplemental Security Income programs.**

<b>Federal Awarding Agency:</b>	U.S. Social Security Administration
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	96.001    Social    Security—Disability    Insurance (DI)
	96.006    Supplemental Security Income (SSI)
<b>Federal Award Number:</b>	12-0404WAD100, 13-0404WAD100, 14-0404WAD100
<b>Applicable Compliance Component:</b>	Special Tests and Provisions
<b>Questioned Cost Amount:</b>	None

## **Background**

The Department of Social and Health Services administers the Disability Insurance and Supplemental Security Income programs. The programs are overseen by Disability Determination Services (DDS), which is part of the Department's Economic Services Administration. DDS adjudicates medical claims for the Social Security Administration (SSA) to make disability determinations for Washington State.

The Department contracts with doctors to perform consultative examinations (CE) and provide an expert opinion in regards to the client's functional limitations due to medical problems. In state fiscal year 2014, the Department spent approximately \$42.6 million in federal funds for the program. There were 304 medical providers who received approximately \$8.6 million in funds during state fiscal year 2014.

Federal rules require the Department ensure only qualified providers perform CE's. Qualified means the provider must:

- (1) Be currently licensed in the state and have the training and experience to perform the type of examination or test the Department requests; and
- (2) Not be barred from participation in Medicare or Medicaid programs or other Federal or federally assisted programs.

Prior to using the services of any CE provider, the Department must check the Health and Human Services, Office of Inspector General List of Excluded Individuals and Entities (LEIE). The Department must also verify with the Department of Health that medical licenses are current. The Department is also required to review the LEIE for each provider at least annually and to verify licenses were properly renewed.

## **Description of Condition**

We found the Department did not have adequate written procedures in place to ensure only qualified providers were performing CE's. The written procedures, if followed, were adequate to ensure new providers were qualified, but were not sufficient to ensure the required periodic checks were performed.

We reviewed all 12 provider agreements the Department entered into during the audit period and determined five providers (42 percent) were not cross-referenced with the LEIE before the contract was executed. Additionally, the medical license for one provider was not checked on the Department of Health website before the contract was executed.

We reviewed 26 of the 291 provider agreements in place during the audit period to determine if a periodic review was performed and found:

- 25 providers were not checked annually on the LEIE.
- 20 providers did not have their medical licenses checked on the Department of Health website before their license expired.

## **Cause of Condition**

Department staff were assigned to verify the qualifications of providers, but did not do so in a timely manner. Management did not sufficiently monitor or review the work of Department staff to ensure it was accurate, complete and timely.

The Department did not have written procedures that were sufficient to ensure providers were qualified. We consider these control deficiencies to be material weaknesses.

## **Effect of Condition**

Without adequate written procedures and internal controls in place, the Department cannot ensure only qualified providers are performing consultative examinations. Additionally, by contracting with providers whose qualifications were not verified, the Department risks making unallowable payments with federal funds.

## **Recommendation**

We recommend the Department establish written procedures and internal controls to ensure only qualified providers are performing consultative examinations. We also recommend these procedures include a secondary review or other form of managerial oversight to ensure compliance with federal requirements.



## **Department's Response**

*The Department concurs with this finding.*

*The Department's Division of Disability Determination Services (DDDS) agrees the license and qualification verification for the providers in question did not take place in a timely manner. The DDDS did not have written procedures in place to monitor the verification duties.*

*As of July 1, 2014, the DDDS implemented the use of comprehensive written procedures (for new contractors), a thorough verification plan, and multiple Quality Assurance (QA) processes.*

*Existing contractors will be reviewed twice a year to ensure they are qualified to provide consultative examinations. Each month, DDDS will create a list of all expiring licenses and will check to ensure licenses have been renewed as appropriate. Additionally, all contractors will be compared with the Office of Inspector General List of Excluded Individuals and Entities (LEIE).*

*DDDS management (or their designee) will perform a quarterly review to ensure license renewals for contractors are performed as appropriate. In addition, DDDS Professional Relations staff will perform a secondary QA check once per month on 10% of the files to ensure accuracy of both the LEIE and license renewal checks.*

*DDDS will share these audit results with the Social Security Administration.*

## **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### **Section 300**

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
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Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- 11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Social Security Administration: *Program Operations Manual System (POMS)*

DI 39545.075 – Management of the Consultative Examination (CE) Process, states in part:

B. Procedure

DDSs at a minimum must provide procedures for:

- Performing medical license verifications to ensure only qualified providers perform CEs for disability determination services

DI 39569.300 – Disability Determination Services Requirements for Ensuring Proper Licensure of Consultative Examination Providers

A. Consultative exam (CE) licensure policy

1. E providers

Use only qualified medical sources to perform CEs (see DI 22510.001 Introduction to Consultative Examinations (CE)). By "qualified," we mean that the medical source must:

- be currently licensed in the State and have the training and experience to perform the type of examination or test we will request; and
- not be barred from participation in Medicare or Medicaid programs or any other Federal or federally assisted programs.

B. Verifying medical licenses

1. New CE providers

Prior to using the services of any CE provider:

- check the Health and Human Services, Office of the Inspector General (HHS OIG) List of Excluded Individuals and Entities (LEIE); and
- verify medical licenses, credentials, and certifications with state medical boards.

2. Periodic professional license checks

Conduct periodic license checks of CE providers used by the Disability Determination Services (DDS), including providers who perform CEs near and across the borders of neighboring States.

- Review the HHS-OIG LEIE for each CE provider at least annually.
- Verify license renewals.

NOTE: If you have no process in place to perform periodic license checks, you must require all CE providers to include their professional license numbers and expiration dates on all CE reports.

**2014-055**                    **The Military Department does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Homeland Security and Fire Management Assistance Grant programs are filed accurately.**

<b>Federal Awarding Agency:</b>	U.S. Department of Homeland Security
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	97.046     Fire Management Assistance Grant 97.067     Homeland Security Grant Program
<b>Federal Award Number:</b>	Numerous
<b>Applicable Compliance Component:</b>	Reporting
<b>Questioned Cost Amount:</b>	None

## **Background**

The Washington state Military Department administers the Homeland Security Grant Program (HLSG) and the Fire Management Assistance Grant Program (FMAG). The Homeland Security Grant Program is intended to improve and significantly enhance the ability of the Nation to prevent, deter, respond to and recover from, threats and incidents of terrorism and to enhance regional preparedness. The Fire Management Assistance Grant Program is intended to assist states with the mitigation, management and control of any fire burning on non-federal forest or grassland where the destruction would constitute a major disaster.

The Military Department spent approximately \$21.4 million in Homeland Security Grant funds during fiscal year 2014, of which \$20.04 million was distributed to subrecipients. For the Fire Management Assistance Grant, the Department spent approximately \$13.9 million during fiscal year 2014, nearly all of which was distributed to subrecipients.

Under the Federal Funding Accountability and Transparency Act (Accountability Act), the Department is required to collect and report information on each subaward or amendment of \$25,000 or more in federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System. The reporting must be done by the end of the month following the month in which the sub-award was made. The intent of the Accountability Act is to empower citizens with the ability to hold the government accountable for spending decisions and, as a result, reduce wasteful spending in the government.

In fiscal year 2014, the Military Department awarded 34 Homeland Security Grant subawards, totaling \$9.46 million, and 14 Fire Management Grant subawards, totaling \$13.7 million, which had obligation amounts which required reporting under the Accountability Act.

## **Description of Condition**

The Department does not have adequate internal controls in place to ensure that Accountability Act reports are filed correctly for subawards or amendments using federal funds.

We randomly selected and reviewed 11 reportable subawards for the Homeland Security Grant and determined that three subawards were improperly reported. All three subaward reports listed the wrong subaward amount. This is because the Department included reductions in subawards that occurred later, which should not have been reported. Total amount of misreported subawards reviewed for this program was \$580,017.

We reviewed all 14 reportable subawards for the Fire Management Assistance Grant and determined that six subawards were not reported. The total amount of the unreported subawards for this program was \$2.74 million.

## **Cause of Condition**

The Department had one employee assigned to file the required reports for both programs with a manager performing a secondary review. Both the assigned employee and the manager did not have sufficient knowledgeable of proper Accountability Act reporting requirements.

Departmental procedures require Fire Management Program subawards to be specifically monitored by staff responsible for filing Accountability Act reports. This was not being done sufficiently and caused the six identified subawards to not be filed. Additionally, management did not monitor sufficiently to ensure all subawards were reported.

We consider these internal control deficiencies to constitute a material weakness.

## **Effect of Condition**

By not correctly submitting the required reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished. Grant conditions allow the grantor to penalize the Department for noncompliance, suspending or terminating the award and withholding future awards.

## **Recommendation**

We recommend the Department establish policies and procedures to ensure all Accountability Act reports are submitted accurately. We further recommend that a secondary review is conducted prior to reports being submitted.

## Department's Response

*We concur with the finding. Procedures have been modified to ensure that proper reporting is being performed and that all agreements are reported. FFATA reports are reviewed by the Contracts Office Supervisor, and SI's are confirmed by program managers.*

## Auditor's Concluding Remarks

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

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Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 2, Code of Federal Regulations, APPENDIX A TO PART 170—AWARD TERM, states, in part:

I. Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111–5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. Where and when to report.

- i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
  - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Institute for Museum Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
03.301	Museums for America		3600	60,793	0	
03.301		IMLS# LG-64-12-0655-12	3600	5,030	0	PT
03.301		UW BUD# 667323	3600	22,822	0	PT
<b>Federal Program 03.301 Total</b>				<b>88,645</b>	<b>0</b>	
03.310	Grants to States		0850	3,429,719	146,499	
<b>Federal Program 03.310 Total</b>				<b>3,429,719</b>	<b>146,499</b>	
03.312	National Leadership Grants		3600	498,927	0	
03.312			3650	121,148	59,738	
<b>Federal Program 03.312 Total</b>				<b>620,075</b>	<b>59,738</b>	
03.313	Laura Bush 21st Century Librarian Program		3650	96,798	90,298	
<b>Federal Program 03.313 Total</b>				<b>96,798</b>	<b>90,298</b>	
<b>Institute for Museum Services Total</b>				<b>4,235,237</b>	<b>296,535</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Endowment for the Arts**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
05.024	Promo Grant Arts to Org		3500	34,996	0	
05.024			3600	26,751	0	
05.024			3650	2,298	0	
05.024			4650	37,485	0	
<b>Federal Program 05.024 Total</b>				<b>101,530</b>	<b>0</b>	
05.025	Promo of Arts Partnership Agreements	TW20130182	3650	2,249	0	PT
05.025		TW20130217	3650	2,249	0	PT
05.025			3870	772,385	0	
<b>Federal Program 05.025 Total</b>				<b>776,883</b>	<b>0</b>	
<b>National Endowment for the Arts Total</b>				<b>878,413</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Endowment for the Humanities**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
06.129	Promotion of the Humanities Federal/State Partners	4669GF13	3650	4,330	0	PT
<b>Federal Program 06.129 Total</b>				<b>4,330</b>	<b>0</b>	
06.149	Promotion of the Humanities Division of Preservati		3600	70,092	0	
06.149			3650	6,785	0	
<b>Federal Program 06.149 Total</b>				<b>76,877</b>	<b>0</b>	
06.164	Promotion of the Humanities Public Programs	Award letter	3750	1,000	0	PT
<b>Federal Program 06.164 Total</b>				<b>1,000</b>	<b>0</b>	
06.169	Promotion of the Humanities Office of Digital Huma		0850	162,980	0	
06.169			3650	129,789	106,412	
06.169		121827001	3650	12,632	0	PT
<b>Federal Program 06.169 Total</b>				<b>305,401</b>	<b>106,412</b>	
<b>National Endowment for the Humanities Total</b>				<b>387,608</b>	<b>106,412</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Office of National Drug Control Policy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
07.000	Ondcp - Contract Number Only Provided	C120703FED-DME3	2250	215,779	0	
07.000		C120703FED-FOB3	2250	57,157	0	
07.000		C120703FED-INX3	2250	78,832	0	
07.000		C130493FED-DME4	2250	26,728	0	
07.000		C130493FED-HI13	2250	1,197,349	0	
07.000		C130493FED-MT13	2250	38,153	0	
07.000		C141393FED-HI14	2250	6,057	0	
<b>Federal Program 07.000 Total</b>				<b>1,620,055</b>	<b>0</b>	
<b>Office of National Drug Control Policy Total</b>				<b>1,620,055</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.000	Agriculture - Contract Number Only Provided	09JV11015600039MOD01	3600	9,403	0	
10.000		09JV11242309041MOD02	3600	9,596	0	
10.000		10JV11261987092MOD03	3600	135,612	0	
10.000		11-CR-11261997-092	3600	18,146	0	
10.000		11CR11061700065MOD01	3600	(10)	0	
10.000		11CR11261987104MOD03	3600	28,573	0	
10.000		11JV11221633145MOD06	3600	49,915	0	
10.000		11JV11261985071MOD02	3600	35,900	0	
10.000		11PA11272138074MOD02	3600	65,749	0	
10.000		12CA11261975096MOD01	3600	7,656	0	
10.000		12CR11061800021MOD01	3600	23,584	0	
10.000		12JV11261992025MO01	3600	19,636	0	
10.000		13-CA-11132544-478	3600	19,300	0	
10.000		13-CR-11242309-053	3600	220	0	
10.000		13-CS-11052007-055	3600	33,144	0	
10.000		13-JV-11062104-031	3600	23,360	0	
10.000		13-JV-11261975-070	3600	20,664	0	
10.000		13-JV-11261989-076	3600	30,733	0	
10.000		13CR11261987090MOD01	3600	714,133	0	
10.000		13CRL1261992053MOD01	3600	6	0	
10.000		13JV11261953087MOD01	3600	7,811	0	
10.000		13JV11261984054MOD1	3600	13,268	0	
10.000		14-CR-11062112-010	3600	7,875	0	
10.000		14-JV-11272139-014	3600	23,100	0	
10.000		2012-JV-11261985-061	3600	1,491	0	
10.000		2013-32100-06092	3600	136,710	0	
10.000		2013-JV-11062765-200	3600	19,062	0	
10.000		58-1907-3-029	3600	25,659	0	
10.000		58-1931-2-315	3600	7,269	0	
10.000		NO. 310 AM05	3600	45,003	0	PT
10.000		PNW 11-JV-11261985-095	3600	16,898	0	
10.000		PNW 12-CR-11261989-070	3600	10,934	0	
10.000		PNW09CA11261991072MOD0	3600	14,208	0	
10.000		PNW09JV11261976035MOD0	3600	17,850	0	
10.000		PNW09JV11261985005MOD0	3600	2,962	0	
10.000		PNW09JV11261987002MOD0	3600	(59,278)	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.000	Agriculture - Contract Number Only Provided	PNW10JV11261955063MOD0	3600	23,144	0	
10.000		PNW10JV11261975086MOD0	3600	39,975	0	
10.000		PNW10JV11261985083MOD0	3600	146	0	
10.000		PNW11JV11261952030MOD0	3600	168,766	0	
10.000		PNW13CR11261992099MOD0	3600	17,547	0	
10.000		PNW13JV11261987073AM03	3600	450,888	0	
10.000		PNW13JV11261987094MOD0	3600	40,395	0	
10.000		PO #AG-05G2-P-14-0014	3600	2,174	0	
10.000		SUBCONTRACT 910	3600	11,143	0	PT
10.000		SUBCONTRACT NO. 810	3600	6,233	0	PT
10.000		01800034045203	3650	(31)	0	PT
10.000		09JV11221634308	3650	54,409	0	
10.000		09JV11261975028	3650	23,847	0	
10.000		09JV1126198702	3650	9,797	0	
10.000		10CR11221634229	3650	13,701	0	
10.000		10JV11272138068	3650	13,075	0	
10.000		1181001585CA	3650	(2)	0	
10.000		11JV11221634188	3650	(161)	0	
10.000		11JV11221634196	3650	(22,973)	0	
10.000		11JV11261987097	3650	76,426	0	
10.000		1281300044CA	3650	11,725	0	
10.000		1281300122CA	3650	17,786	0	
10.000		1281300178CA	3650	24,235	0	
10.000		1281300186CA	3650	15,716	828	
10.000		12CS1102000	3650	29,474	0	
10.000		1381300083CA	3650	39,483	0	
10.000		1381300122CA	3650	2,708	0	
10.000		1381300178CA	3650	34,081	0	
10.000		1381300247CA	3650	37,171	0	
10.000		1385501664CA	3650	109,994	38,382	
10.000		13CR11221632127	3650	6,378	0	
10.000		13CR1126195	3650	11,544	0	
10.000		13IE53102134	3650	50,493	0	
10.000		13JV11221637129	3650	14,833	0	
10.000		201125	3650	96,347	0	PT
10.000		6197K130036	3650	12,210	0	

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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.000	Agriculture - Contract Number Only Provided	6197K140021	3650	32,910	0	
10.000		AG0120P100049	3650	7,480	0	
10.000		AG6197K130086	3650	18,840	0	
10.000		AG6197K140068	3650	6,900	0	
10.000		AG6395K140102	3650	95,832	0	
10.000		AG6395P130252	3650	23,922	0	
10.000		WSU002126	3650	(2,729)	0	
10.000		WSU002142	3650	149,205	0	PT
10.000		CS11062200-003	4600	13,151	0	
10.000		10-CS-11060900-02	4770	1,470	0	
10.000		11-LE-1106-11060500-01	4770	21,818	0	
<b>Federal Program 10.000 Total</b>				<b>3,347,618</b>	<b>39,210</b>	
10.025	Plant and Animal Disease, Pest Control, and Animal		3650	939,175	0	
10.025			4770	10,423	0	
10.025			4950	1,974,312	0	
<b>Federal Program 10.025 Total</b>				<b>2,923,910</b>	<b>0</b>	
10.028	Wildlife Services		3650	33,058	26,899	
<b>Federal Program 10.028 Total</b>				<b>33,058</b>	<b>26,899</b>	
10.069	Conservation Reserve Program		4770	38,994	0	
<b>Federal Program 10.069 Total</b>				<b>38,994</b>	<b>0</b>	
10.072	Wetlands Reserve Program		4770	7,764	0	
<b>Federal Program 10.072 Total</b>				<b>7,764</b>	<b>0</b>	
10.093	Voluntary Public Access & Habitat Incentive Progra		4770	143,528	0	
<b>Federal Program 10.093 Total</b>				<b>143,528</b>	<b>0</b>	
10.156	Federal-State Marketing Improvement Program		3600	17,833	0	
10.156			3650	38,072	0	
<b>Federal Program 10.156 Total</b>				<b>55,905</b>	<b>0</b>	
10.163	Market Protection and Promotion		4950	1,338,504	0	
<b>Federal Program 10.163 Total</b>				<b>1,338,504</b>	<b>0</b>	
10.170	Specialty Crop Block Grant Program - Farm Bill		4950	3,001,172	2,493,300	
<b>Federal Program 10.170 Total</b>				<b>3,001,172</b>	<b>2,493,300</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.210	Food and Agricultural Sciences National Needs Grad		3600	68,996	0	
10.210			3650	55,855	0	
<b>Federal Program 10.210 Total</b>				<b>124,851</b>	<b>0</b>	
10.226	Secondary and Two-Year Postsecondary Agriculture E		6990	22,588	0	
<b>Federal Program 10.226 Total</b>				<b>22,588</b>	<b>0</b>	
10.303	Integrated Programs		3650	1,402,811	425,650	
10.303		BJKH03SB001	3650	(5,374)	0	PT
10.303		BJKH15SB001	3650	26,363	0	PT
10.303		BJKH15SB002	3650	28,166	0	PT
10.303		FAR0021477	3650	74,626	0	PT
10.303		RC100946WSU	3650	77,323	0	PT
10.303		SA7746	3650	52,599	0	PT
<b>Federal Program 10.303 Total</b>				<b>1,656,514</b>	<b>425,650</b>	
10.304	Homeland Security_agricultural		3650	169,722	0	
10.304		20122390204	3650	23,332	0	PT
<b>Federal Program 10.304 Total</b>				<b>193,054</b>	<b>0</b>	
10.305	International Science and Education Grants	2008120601	3650	1,025	0	PT
<b>Federal Program 10.305 Total</b>				<b>1,025</b>	<b>0</b>	
10.307	Organic Agriculture Research and Extension Initiat		3650	1,093,028	171,925	
<b>Federal Program 10.307 Total</b>				<b>1,093,028</b>	<b>171,925</b>	
10.309	Specialty Crop Research Initiative		3650	2,299,625	438,951	
10.309		00006986	3650	25,906	0	PT
10.309		13014NU793	3650	84,114	0	PT
10.309		20101"365"02	3650	224,784	0	PT
10.309		20101294201	3650	47,482	0	PT
10.309		20101304802	3650	89,647	0	PT
10.309		2010136502	3650	29,309	0	PT
10.309		2012178503	3650	54,509	0	PT
10.309		350K873	3650	148,316	0	PT
10.309		3826WSUUSDA9561	3650	3,168	0	PT
10.309		428K072	3650	14,902	0	PT
10.309		614296A	3650	344,569	0	PT
10.309		C0423BA	3650	334,892	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.309	Specialty Crop Research Initiative	RC100858B	3650	244,041	0	PT
10.309		RC100888WSU	3650	29,974	0	PT
<b>Federal Program 10.309 Total</b>				<b>3,975,238</b>	<b>438,951</b>	
10.311	Beginning Farmer and Rancher Development Program		3650	186,240	49,206	
<b>Federal Program 10.311 Total</b>				<b>186,240</b>	<b>49,206</b>	
10.312	Biomass Research and Development Initiative Compet		3650	(42)	0	
10.312		MA120037	3650	50,389	0	PT
<b>Federal Program 10.312 Total</b>				<b>50,347</b>	<b>0</b>	
10.314	New Era Rural Technology Competitive Grants Prog		6990	44,624	0	
<b>Federal Program 10.314 Total</b>				<b>44,624</b>	<b>0</b>	
10.315	ARRA - Trade Adj Assist for Farmers Training Coord	H001344204	3650	248,804	0	PT
<b>Federal Program 10.315 Total</b>				<b>248,804</b>	<b>0</b>	
10.443	Outreach and Assistance for Socially Disadvantaged	12050101"	3650	15,049	0	PT
<b>Federal Program 10.443 Total</b>				<b>15,049</b>	<b>0</b>	
10.459	Commodity Partnerships for Small Agricultural Risk		3650	33,507	0	
10.459			4950	64,411	0	
<b>Federal Program 10.459 Total</b>				<b>97,918</b>	<b>0</b>	
10.479	Food Safety Cooperative Agreements		3030	392,540	52,802	
<b>Federal Program 10.479 Total</b>				<b>392,540</b>	<b>52,802</b>	
10.500	Cooperative Extension Service		3650	6,994,358	552,258	
10.500		12006968B00	3650	1,499	0	PT
10.500		130677002	3650	14,000	0	PT
10.500		130677006	3650	9,642	0	PT
10.500		201120392WSU	3650	874,839	0	PT
10.500		2563290059813"	3650	39,179	0	PT
10.500		514077	3650	17,467	0	PT
10.500		8000059373	3650	41,994	0	PT
10.500		GUAR41061265	3650	2,708	0	PT
10.500		GUAR41271458	3650	799	0	PT
10.500		Q01465	3650	36	0	PT
10.500		S12003	3650	54	0	PT
10.500		S12099	3650	9,140	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.500	Cooperative Extension Service	S13055	3650	10,898	0	PT
10.500		S14150	3650	4,729	0	PT
10.500		UC225AA	3650	11,600	0	PT
<b>Federal Program 10.500 Total</b>				<b>8,032,942</b>	<b>552,258</b>	
10.557	Suppl Nutri Prog for WIC		3030	151,364,709	45,135,281	
<b>Federal Program 10.557 Total</b>				<b>151,364,709</b>	<b>45,135,281</b>	
10.558	Child and Adult Care Food Program		3500	43,873,561	43,320,668	
<b>Federal Program 10.558 Total</b>				<b>43,873,561</b>	<b>43,320,668</b>	
10.560	State Administrative Expenses for Child Nutrition		3500	7,184,333	3,196,994	
<b>Federal Program 10.560 Total</b>				<b>7,184,333</b>	<b>3,196,994</b>	
10.572	WIC Farmers' Market Nutrition Program (Fmnp)		3030	490,131	24,834	
<b>Federal Program 10.572 Total</b>				<b>490,131</b>	<b>24,834</b>	
10.574	Team Nutrition Grants		3500	143,265	0	
10.574		USM-GR03970-001	3750	2,199	0	PT
<b>Federal Program 10.574 Total</b>				<b>145,464</b>	<b>0</b>	
10.575	Farm to School Grant Program		4950	47,141	0	
<b>Federal Program 10.575 Total</b>				<b>47,141</b>	<b>0</b>	
10.576	Senior Farmers Market Nutrition Program		3000	222,148	7,399	
<b>Federal Program 10.576 Total</b>				<b>222,148</b>	<b>7,399</b>	
10.579	Child Nutrition Discretionary Grants		3500	672,062	0	
10.579			3650	293,417	225,203	
<b>Federal Program 10.579 Total</b>				<b>965,479</b>	<b>225,203</b>	
10.580	Special Nutrition Assistance Program Outreach/Part		3000	74,080	0	
<b>Federal Program 10.580 Total</b>				<b>74,080</b>	<b>0</b>	
10.582	Fresh Fruit and Vegetable Program		3500	3,159,688	3,140,769	
<b>Federal Program 10.582 Total</b>				<b>3,159,688</b>	<b>3,140,769</b>	
10.604	Technical Assistance for Specialty Crops Program	WSUT13GXKSF01	3650	30,671	0	PT
<b>Federal Program 10.604 Total</b>				<b>30,671</b>	<b>0</b>	
10.664	Cooperative Forestry Assistance		3650	18,535	1,000	
10.664			4900	6,243,804	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 10.664 Total</b>				<b>6,262,339</b>	<b>1,000</b>	
10.675	Urban and Community Forestry Program		3600	58,069	29,205	
<b>Federal Program 10.675 Total</b>				<b>58,069</b>	<b>29,205</b>	
10.676	Forest Legacy Program		4900	37,750	0	
<b>Federal Program 10.676 Total</b>				<b>37,750</b>	<b>0</b>	
10.678	Forest Stewardship Program		4900	22,169	0	
<b>Federal Program 10.678 Total</b>				<b>22,169</b>	<b>0</b>	
10.688	ARRA - Prioritize Fuel Treatments		3600	19,619	0	
10.688			4900	104,519	0	
<b>Federal Program 10.688 Total</b>				<b>124,138</b>	<b>0</b>	
10.777	Norman E Borlaug Intl AG & Science Tech Fellowship		3650	107,444	0	
<b>Federal Program 10.777 Total</b>				<b>107,444</b>	<b>0</b>	
10.868	Rural Energy for America Program		3650	27,223	16,591	
<b>Federal Program 10.868 Total</b>				<b>27,223</b>	<b>16,591</b>	
10.903	Soil Survey		3650	22,088	0	
<b>Federal Program 10.903 Total</b>				<b>22,088</b>	<b>0</b>	
10.912	Environmental Quality Incentives Program		3650	323,348	5,311	
10.912		WAS110428135	3650	19,649	0	PT
10.912			4710	298,157	296,713	
10.912			4770	48,304	0	
<b>Federal Program 10.912 Total</b>				<b>689,458</b>	<b>302,024</b>	
10.914	Wildlife Habitat Incentive Program		4770	3,305	0	
<b>Federal Program 10.914 Total</b>				<b>3,305</b>	<b>0</b>	
10.950	Agricultural Statistics Reports		3650	3,459	0	
<b>Federal Program 10.950 Total</b>				<b>3,459</b>	<b>0</b>	
10.960	Technical Agricultural Assistance		3650	26,857	0	
<b>Federal Program 10.960 Total</b>				<b>26,857</b>	<b>0</b>	
10.962	Cochran Fellowship Program-International Training-		3650	54,380	0	
<b>Federal Program 10.962 Total</b>				<b>54,380</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.999	Department of Agriculture - Undetermined		3600	9,586	0	
10.999			4770	68,560	0	
<b>Federal Program 10.999 Total</b>				<b>78,146</b>	<b>0</b>	
<b>Dept of Agriculture Total</b>				<b>242,099,445</b>	<b>99,650,169</b>	

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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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Commerce**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
11.000	Commerce - Contract Number Only Provided	AB-133F-14-SE-2638	3600	3,442	0	
11.000		AB133F-11-CN-0146	3600	34,971	0	
11.000		AB133F10CN0345MOD07	3600	103,437	0	
11.000		AB133F10CN0351MOD03	3600	114,856	0	
11.000		AB133F12CN0081MOD02	3600	56,646	0	
11.000		AB133F13SE0590AM0002	3600	79,590	0	
11.000		DG133E10SE2849 MOD02	3600	26,380	8,306	
11.000		RA133C12SE1277MOD03	3600	5,990	0	
11.000		RA133F12SE1965	3600	8,441	0	
11.000		UW BUD# 661975	3600	4,965	0	PT
11.000		UW BUD# 664480	3600	(1,048)	0	PT
11.000		WE-133F-12-SE-1379	3600	21,839	0	
11.000		WE-133R-13-SE-0361	3600	9,815	0	
11.000		WE133F12SE1860AM01	3600	28,737	0	
11.000		212111	3650	47,877	0	PT
11.000		13-45	4770	46,303	0	PT
11.000		13-50	4770	4,288	0	PT
11.000		13-65	4770	67,712	0	PT
11.000		13-66	4770	32,611	0	PT
11.000		13-71	4770	5,228	0	PT
11.000		13-72	4770	5,381	0	PT
11.000		13-73	4770	22,421	0	PT
11.000		2011-3	4770	27,194	0	PT
11.000		297-12	4770	16,459	0	PT
11.000		41-01	4770	61,448	0	PT
11.000		422-13	4770	13,920	0	PT
11.000		IPA MOLENAAR	4770	63,820	0	
11.000		07-01-0649	6990	46,117	0	
<b>Federal Program 11.000 Total</b>				<b>958,840</b>	<b>8,306</b>	
11.003	Census Geography		6990	58,546	0	
<b>Federal Program 11.003 Total</b>				<b>58,546</b>	<b>0</b>	
11.012	Integrated Ocean Observing System (Ioos)		3600	2,830,294	1,537,800	
11.012		H2300-63	3600	31,282	0	PT
<b>Federal Program 11.012 Total</b>				<b>2,861,576</b>	<b>1,537,800</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Commerce**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
11.303	Economic Development_technical Assistance		3650	121,213	0	
<b>Federal Program 11.303 Total</b>				<b>121,213</b>	<b>0</b>	
11.407	Interjurisdictional Fisheries Act of 1986	14-37	4770	19,214	0	PT
<b>Federal Program 11.407 Total</b>				<b>19,214</b>	<b>0</b>	
11.419	Coastal Zone Management Administration Awards		4610	3,165,945	0	
<b>Federal Program 11.419 Total</b>				<b>3,165,945</b>	<b>0</b>	
11.436	Columbia River Fisheries Development Program		4670	352,515	125,893	
11.436			4770	7,905,140	0	
11.436		11-16	4770	99,229	0	PT
<b>Federal Program 11.436 Total</b>				<b>8,356,884</b>	<b>125,893</b>	
11.437	Pacific Fisheries Data Program	14-54 AM01	3600	38,002	0	PT
11.437		14-74	3600	5,026	0	PT
11.437		11-112	4770	15,166	0	PT
11.437		12-105	4770	229,868	0	PT
11.437		12-82	4770	255,424	0	PT
11.437		13-30	4770	37,259	0	PT
11.437		13-91	4770	529,036	0	PT
11.437		14-15	4770	174,487	0	PT
11.437		14-20	4770	129,247	0	PT
11.437		14-81	4770	197,304	0	PT
11.437		14-84	4770	31,588	0	PT
<b>Federal Program 11.437 Total</b>				<b>1,642,407</b>	<b>0</b>	
11.438	Pacific Coast Salmon Recovery_pacific Salmon Treat	44714 AM01	3600	144,758	0	PT
11.438		COOP-11-031 REV01	3600	165,395	0	PT
11.438			4670	27,672,998	19,558,987	
11.438			4770	2,423,503	0	
<b>Federal Program 11.438 Total</b>				<b>30,406,654</b>	<b>19,558,987</b>	
11.439	Marine Mammal Data Program		4770	28,872	0	
11.439		13-25	4770	92,184	0	PT
<b>Federal Program 11.439 Total</b>				<b>121,056</b>	<b>0</b>	
11.441	Regional Fishery Management Councils	06-13	4770	76,455	0	PT
11.441		06-14	4770	61,696	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Commerce**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 11.441 Total</b>				<b>138,151</b>	<b>0</b>	
11.463	Habitat Conservation		2450	17,148	6,475	
11.463		A92698	3600	2,999	0	PT
11.463		UW BUD# 664759	3600	19,504	0	PT
11.463		UW BUD# 666380	3600	20,585	0	PT
11.463		SA13WSU01	3650	23,786	0	PT
11.463		RYBCZYK	3800	12,048	0	PT
11.463		WA-S-130820-017	3800	82,293	0	PT
11.463			4780	374,826	0	
<b>Federal Program 11.463 Total</b>				<b>553,189</b>	<b>6,475</b>	
11.469	Congressionally Identified Awards and Projects		3600	914	0	
<b>Federal Program 11.469 Total</b>				<b>914</b>	<b>0</b>	
11.473	Coastal Services Center		3600	3,979	0	
<b>Federal Program 11.473 Total</b>				<b>3,979</b>	<b>0</b>	
11.478	Center for Sponsored Coastal Ocean Research_coasta		3600	412,914	48,137	
<b>Federal Program 11.478 Total</b>				<b>412,914</b>	<b>48,137</b>	
11.482	Coral Reef Conservation Program		3650	60,552	0	
<b>Federal Program 11.482 Total</b>				<b>60,552</b>	<b>0</b>	
11.483	Noaa Programs for Disaster Relief		3600	48,267	0	
<b>Federal Program 11.483 Total</b>				<b>48,267</b>	<b>0</b>	
11.549	State and Local Implementation Grant Program Sligp		2450	235,551	224,590	
<b>Federal Program 11.549 Total</b>				<b>235,551</b>	<b>224,590</b>	
11.558	ARRA - State Broad Data & Dev Grant Program		1030	2,006,782	195,599	
11.558		UW BUD# 203944	3600	8,165	0	PT
<b>Federal Program 11.558 Total</b>				<b>2,014,947</b>	<b>195,599</b>	
11.999	Department of Commerce - Undetermined		3600	7,498	0	
11.999			4770	1,063,906	0	
11.999		None	4770	63,743	0	PT
<b>Federal Program 11.999 Total</b>				<b>1,135,147</b>	<b>0</b>	
<b>Dept of Commerce Total</b>				<b>52,315,946</b>	<b>21,705,787</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Defense**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.101	Beach Erosion Control Projects		4770	6,127	0	
	<b>Federal Program 12.101 Total</b>			<b>6,127</b>	<b>0</b>	
12.400	Military Construction, National Guard		2450	2,244,532	0	
12.400		2022 MOD03/PO#789071	3600	285,164	0	PT
	<b>Federal Program 12.400 Total</b>			<b>2,529,696</b>	<b>0</b>	
12.401	Natl Guard Military Oper & Maint		2450	18,988,086	(9)	
	<b>Federal Program 12.401 Total</b>			<b>18,988,086</b>	<b>(9)</b>	
12.404	National Guard Civilian Youth Opportunities		2450	3,336,140	0	
	<b>Federal Program 12.404 Total</b>			<b>3,336,140</b>	<b>0</b>	
12.900	Language Grant Program		3600	107,209	0	
	<b>Federal Program 12.900 Total</b>			<b>107,209</b>	<b>0</b>	
12.901	Mathematical Sciences Grants Program		3600	26,882	0	
	<b>Federal Program 12.901 Total</b>			<b>26,882</b>	<b>0</b>	
12.999	Department of Defense - Undetermined		3600	(105,344)	0	
12.999			4770	90,389	0	
	<b>Federal Program 12.999 Total</b>			<b>(14,955)</b>	<b>0</b>	
	<b>Dept of Defense Total</b>			<b>24,979,185</b>	<b>(9)</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Housing & Urban Development**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
14.000	HUD - Contract Number Only Provided	WSU002082	3650	7,736	0	PT
<b>Federal Program 14.000 Total</b>				<b>7,736</b>	<b>0</b>	
14.169	Housing Counseling Assistance Program		1480	347,297	316,814	
<b>Federal Program 14.169 Total</b>				<b>347,297</b>	<b>316,814</b>	
14.171	Manufactured Home Construction and Safety Standard		2350	83,008	0	
<b>Federal Program 14.171 Total</b>				<b>83,008</b>	<b>0</b>	
14.225	Community Development Block Grants/Special Purpose		6990	10,580	0	
<b>Federal Program 14.225 Total</b>				<b>10,580</b>	<b>0</b>	
14.231	Emergency Shelter Grants Program		1030	1,391,268	1,391,268	
<b>Federal Program 14.231 Total</b>				<b>1,391,268</b>	<b>1,391,268</b>	
14.235	Supportive Housing Program		1030	42,673	0	
<b>Federal Program 14.235 Total</b>				<b>42,673</b>	<b>0</b>	
14.239	Home Investment Partnerships Program		1030	6,957,777	6,534,311	
14.239		HKPS FY2014	1480	120,000	0	PT
<b>Federal Program 14.239 Total</b>				<b>7,077,777</b>	<b>6,534,311</b>	
14.241	Housing Opportunities for Persons With AIDS		1030	946,801	932,154	
<b>Federal Program 14.241 Total</b>				<b>946,801</b>	<b>932,154</b>	
14.323	Emergency Homeowners' Loan Program	EHLG Grant 2014	1480	10,200	0	PT
<b>Federal Program 14.323 Total</b>				<b>10,200</b>	<b>0</b>	
14.401	Fair Housing Assistance Program_state and Local		1200	353,380	0	
<b>Federal Program 14.401 Total</b>				<b>353,380</b>	<b>0</b>	
14.704	Community Challenge/DOT Tiger II Planning Grants	UW BUD# 663992	3600	64,909	0	PT
<b>Federal Program 14.704 Total</b>				<b>64,909</b>	<b>0</b>	
14.900	Lead-Based Paint Hazard Control In Privately-Owned		1030	300,022	283,122	
<b>Federal Program 14.900 Total</b>				<b>300,022</b>	<b>283,122</b>	
<b>Housing &amp; Urban Development Total</b>				<b>10,635,651</b>	<b>9,457,669</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of the Interior**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
15.000	Bia/Bie Cross-Cutting Section	1018028UWTOF13PB00153	3600	78,085	0	PT
15.000		53-12-GP-579	3600	48,142	0	
15.000		F14PX00488	3600	6,812	0	
15.000		G12PX00932 AM01	3600	11,968	0	
15.000		G13AC00081 S01	3600	39,857	0	
15.000		G14AC00105	3600	2,580	0	
15.000		P09AC00267 MOD02	3600	11,291	0	
15.000		P09AC00287 MOD04	3600	6,424	0	
15.000		P09AC00289 MOD04	3600	4,389	0	
15.000		RC051-S3 AM07	3600	77,886	0	PT
15.000		UW BUD# 665116	3600	18,772	0	PT
15.000		UWA-PTS-002 MOD01	3600	56,625	0	PT
15.000		F13PX02117	3650	4,994	0	
15.000		G11PX01218	3650	4,722	0	
15.000		G12PX01408	3650	(10)	0	
15.000		G13PX01343	3650	3,780	0	
15.000		L08AC14837	3650	16,450	14,000	
15.000		L10PX02187	3650	352	0	
15.000		P10AC00075	3650	3,916	0	
15.000		P12AC10790	3650	11,322	0	
15.000		P12PX16041	3650	41,172	0	
15.000		J80710000/H8W07060001	3750	25,029	0	
15.000		W-11S8-13-2-0023	3760	58,538	0	
15.000		W911S8-13-2-0016	3760	37,401	0	
15.000		98210-8-J105	4770	9,514	0	PT
15.000		IPA-IW-138	4770	19,138	0	
15.000		P13PC00291	4770	99,466	0	
<b>Federal Program 15.000 Total</b>				<b>698,615</b>	<b>14,000</b>	
15.000A	Bia/Bie Cross-Cutting Section	R9453120011	3760	5,477	0	
<b>Federal Program 15.000A Total</b>				<b>5,477</b>	<b>0</b>	
15.033	Road Maintenance Indian Roads		4050	(782)	0	
<b>Federal Program 15.033 Total</b>				<b>(782)</b>	<b>0</b>	
15.036	Indian Rights Protection	UW BUD# 666889	3600	29,006	0	PT
<b>Federal Program 15.036 Total</b>				<b>29,006</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of the Interior**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
15.114	Indian Education_higher Education Grant Program		3650	267,982	0	
	<b>Federal Program 15.114 Total</b>			<b>267,982</b>	<b>0</b>	
15.226	Payments In Lieu of Taxes		0050	505	0	
	<b>Federal Program 15.226 Total</b>			<b>505</b>	<b>0</b>	
15.227	Distribution of Receipts to State and Local Govern		0050	18,176	0	
	<b>Federal Program 15.227 Total</b>			<b>18,176</b>	<b>0</b>	
15.228	National Fire Plan - Wildland Urban Interface Comm		4900	199,461	0	
	<b>Federal Program 15.228 Total</b>			<b>199,461</b>	<b>0</b>	
15.231	Fish Wildlife & Plant Conserv Res Mgt		3600	56,011	0	
15.231		1601.12.033958	3600	16,174	0	PT
15.231			3650	33,169	0	
15.231			4770	54,830	0	
15.231			4900	1,388	0	
	<b>Federal Program 15.231 Total</b>			<b>161,572</b>	<b>0</b>	
15.232	Wildland Fire Research and Studies Program		3600	57,673	0	
	<b>Federal Program 15.232 Total</b>			<b>57,673</b>	<b>0</b>	
15.233	Forests & Woodlands Resource Mgmt		3600	183,450	0	
	<b>Federal Program 15.233 Total</b>			<b>183,450</b>	<b>0</b>	
15.236	Envn Quality & Protection Rsc Mgmt		3600	21,459	0	
15.236			4770	10,357	0	
	<b>Federal Program 15.236 Total</b>			<b>31,816</b>	<b>0</b>	
15.238	Challenge Cost Share		3650	17,640	0	
15.238			4770	1,851	0	
	<b>Federal Program 15.238 Total</b>			<b>19,491</b>	<b>0</b>	
15.507	Watersmart (Sustain and Manage America's Resources	Agreement for Services	3750	11,427	0	PT
	<b>Federal Program 15.507 Total</b>			<b>11,427</b>	<b>0</b>	
15.512	Central Valley Proj Imprv Act, Title Xxxi		3600	139,231	0	
	<b>Federal Program 15.512 Total</b>			<b>139,231</b>	<b>0</b>	
15.517	Fish and Wildlife Coordination Act		3600	22,721	0	
15.517			3650	19,629	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of the Interior**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 15.517 Total</b>				<b>42,350</b>	<b>0</b>	
15.531	Yakima Rv Basin Water Enhanc Proj(Yrbwep)		4610	58,589	0	
<b>Federal Program 15.531 Total</b>				<b>58,589</b>	<b>0</b>	
15.608	Fish and Wildlife Management Assistance		3600	30,337	0	
15.608			3650	(2,916)	0	
15.608		201000060075	3650	109,545	0	PT
15.608			4770	245,528	0	
15.608			4900	14,726	0	
<b>Federal Program 15.608 Total</b>				<b>397,220</b>	<b>0</b>	
15.614	Coastal Wetlands Planning, Protection and Restorat		4610	4,208,791	604,418	
15.614			4650	800,000	0	
15.614			4770	481,509	0	
15.614			4900	13,347	0	
<b>Federal Program 15.614 Total</b>				<b>5,503,647</b>	<b>604,418</b>	
15.615	Cooperative Endangered Species Conservation Fund		4770	5,967,655	0	
15.615			4900	1,832,393	0	
<b>Federal Program 15.615 Total</b>				<b>7,800,048</b>	<b>0</b>	
15.616	Clean Vessel Act		4650	1,324,910	0	
<b>Federal Program 15.616 Total</b>				<b>1,324,910</b>	<b>0</b>	
15.622	Sportfishing and Boating Safety Act		4670	170,890	12,412	
<b>Federal Program 15.622 Total</b>				<b>170,890</b>	<b>12,412</b>	
15.626	Firearm and Bow Hunter Education and Safety Progra		4770	1,148,236	0	
<b>Federal Program 15.626 Total</b>				<b>1,148,236</b>	<b>0</b>	
15.630	Coastal Program		4670	1,000	0	
15.630			4900	27,544	0	
<b>Federal Program 15.630 Total</b>				<b>28,544</b>	<b>0</b>	
15.631	Partners for Fish and Wildlife		3600	16,623	5,369	
15.631			4610	108,196	0	
15.631			4670	311,112	0	
15.631			4770	1,060,420	0	
15.631			4950	45,243	42,187	

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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of the Interior**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 15.631 Total</b>				<b>1,541,594</b>	<b>47,556</b>	
15.634	State Wildlife Grants		4770	1,613,874	0	
15.634		WA-S-2013-006-0	4900	90,576	0	PT
<b>Federal Program 15.634 Total</b>				<b>1,704,450</b>	<b>0</b>	
15.635	Neotropical Migratory Bird Conservation		4770	27,667	0	
<b>Federal Program 15.635 Total</b>				<b>27,667</b>	<b>0</b>	
15.639	Tribal Wildlife Grants Program	UW BUD# 663703	3600	9,530	0	PT
<b>Federal Program 15.639 Total</b>				<b>9,530</b>	<b>0</b>	
15.642	Challenge Cost Share		3700	1,588	0	
<b>Federal Program 15.642 Total</b>				<b>1,588</b>	<b>0</b>	
15.649	Service Training and Technical Assistance (Generic		3700	5,143	0	
15.649		WDFW10-1610	3760	31,959	0	PT
15.649			4770	33,841	0	
<b>Federal Program 15.649 Total</b>				<b>70,943</b>	<b>0</b>	
15.657	Endangered Species Conservation		3600	154,070	0	
15.657		36633052, R/SF-54	3600	78,357	0	PT
15.657		WA-S-2011-006-1	3600	8,470	0	PT
15.657		WA-S-2013-028-0	3600	13,468	0	PT
15.657			3650	6,383	0	
15.657		WA-C-2011-022 0	3760	37,833	0	PT
15.657			4650	26,587	0	
15.657			4770	346,496	0	
15.657			4900	82,502	0	
<b>Federal Program 15.657 Total</b>				<b>754,166</b>	<b>0</b>	
15.660	Endangered Species - Candidate Conservation Action		4770	99,735	0	
15.660			4900	24,255	0	
<b>Federal Program 15.660 Total</b>				<b>123,990</b>	<b>0</b>	
15.661	Lower Snake River Compensation Plan		4770	3,507,328	0	
<b>Federal Program 15.661 Total</b>				<b>3,507,328</b>	<b>0</b>	
15.666	Endangered Species Conservation-Wolf Livestock Los		4770	84,161	0	
<b>Federal Program 15.666 Total</b>				<b>84,161</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of the Interior**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
15.668	Coastal Impact Assistance Program	3605.6355.G051304	3600	180,224	0	PT
<b>Federal Program 15.668 Total</b>				<b>180,224</b>	<b>0</b>	
15.810	National Cooperative Geologic Mapping Program		3650	7,384	0	
15.810			3750	18,989	0	
15.810			4900	201,998	0	
<b>Federal Program 15.810 Total</b>				<b>228,371</b>	<b>0</b>	
15.820	National Climate Change and Wildlife Service Cente		3600	2,337	0	
15.820		GS240B-B AM02	3600	49,694	0	PT
15.820		GS275A-A AM02	3600	48,420	0	PT
15.820		GS276A-A AM01	3600	140,315	0	PT
15.820		GS277A-B AM01	3600	101,542	0	PT
<b>Federal Program 15.820 Total</b>				<b>342,308</b>	<b>0</b>	
15.904	Historic Preservation Fund Grants-In-Aid		3550	1,072,520	0	
15.904		N/A	3700	39,253	0	PT
15.904			3800	64,520	0	
<b>Federal Program 15.904 Total</b>				<b>1,176,293</b>	<b>0</b>	
15.916	Outdoor Recreation_acquisition, Development and Pl		4670	647,179	498,759	
<b>Federal Program 15.916 Total</b>				<b>647,179</b>	<b>498,759</b>	
15.921	Rivers, Trails and Conservation Assistance		4050	15,222	0	
15.921			4770	275,491	0	
<b>Federal Program 15.921 Total</b>				<b>290,713</b>	<b>0</b>	
15.931	Conserv Activities By Youth Service Org		4610	268,706	0	
<b>Federal Program 15.931 Total</b>				<b>268,706</b>	<b>0</b>	
15.933	Preservation of Japanese American Confinement Site		3650	18,242	0	
<b>Federal Program 15.933 Total</b>				<b>18,242</b>	<b>0</b>	
15.999	Department of Interior - Undetermined		3600	189,977	0	
15.999			4770	49,474	0	
15.999			6990	12,360	0	
<b>Federal Program 15.999 Total</b>				<b>251,811</b>	<b>0</b>	
<b>Dept of the Interior Total</b>				<b>29,526,798</b>	<b>1,177,145</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Justice**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
16.000	Justice - Contract Number Only Provided	WA034110	1950	53,968	0	
16.000		C080692FED-GET1	2250	15,927	0	
16.000		C090226FED-TFE1	2250	17,184	0	
16.000		C130066FED-TFJ4	2250	5,073	0	
16.000		C130072FED-TFJ5	2250	3,540	0	
16.000		C130090FED-TFJ6	2250	3,670	0	
16.000		C130091FED-TFJ7	2250	5,334	0	
16.000		C130179FED-TFJ9	2250	15,369	0	
16.000		C130254FED-TFK1	2250	2,463	0	
16.000		C130835FED-MJ13	2250	1,170,384	0	
16.000		C140075FED-SQRL	2250	2,493	0	
16.000		C140154FED-TFL1	2250	7,117	0	
16.000		C140155FED-TFK4	2250	15,482	0	
16.000		C140156FED-TFK9	2250	28,533	0	
16.000		C140157FED-TFK8	2250	6,977	0	
16.000		C140158FED-TFK7	2250	11,893	0	
16.000		C140159GSC-TFK5	2250	11,078	0	
16.000		C140343FED-SQRX	2250	14,924	0	
16.000		C141071FED-CALL	2250	9,765	0	
16.000		C141072FED-CHAR	2250	2,500	0	
16.000		C141178FED-KNIT	2250	352	0	
16.000		C141201FED-MJ14	2250	116,325	0	
16.000		C141232FED-ROCK	2250	8,791	0	
16.000		2010DBX0661	3650	98,677	0	
16.000		2011DNBXX549	3650	6,800	0	
16.000		2013IJCX0044	3650	24,224	0	
16.000		WSU002168	3650	57,897	0	PT
<b>Federal Program 16.000 Total</b>				<b>1,716,740</b>	<b>0</b>	
16.523	Juvenile Accountability Block Grants		3000	715,797	514,770	
16.523		MOU	3750	5,626	0	PT
<b>Federal Program 16.523 Total</b>				<b>721,423</b>	<b>514,770</b>	
16.525	Grants to Reduce Domestic Violence, Dating Violence		3650	114,955	23,749	
<b>Federal Program 16.525 Total</b>				<b>114,955</b>	<b>23,749</b>	
16.540	Juvenile Justice and Delinquency Prevention_alloc		3000	839,956	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 Justice**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
16.540	Juvenile Justice and Delinquency Prevention_alloca	I-600-00113	3760	75,282	0	PT
	<b>Federal Program 16.540 Total</b>			<b>915,238</b>	<b>0</b>	
16.541	Part E - Developing, Testing and Demonstrating Pro		3600	337,596	95,520	
	<b>Federal Program 16.541 Total</b>			<b>337,596</b>	<b>95,520</b>	
16.548	Title V_delinquency Prevention Program		3000	86,982	0	
	<b>Federal Program 16.548 Total</b>			<b>86,982</b>	<b>0</b>	
16.550	State Justice Statistics Program for Statistical A		1050	63,280	0	
	<b>Federal Program 16.550 Total</b>			<b>63,280</b>	<b>0</b>	
16.554	National Criminal History Improvement Program (Nch		2250	249,730	0	
	<b>Federal Program 16.554 Total</b>			<b>249,730</b>	<b>0</b>	
16.575	Crime Victim Assistance		1030	7,690,500	4,667,026	
	<b>Federal Program 16.575 Total</b>			<b>7,690,500</b>	<b>4,667,026</b>	
16.576	Crime Victim Compensation		2350	5,083,495	0	
	<b>Federal Program 16.576 Total</b>			<b>5,083,495</b>	<b>0</b>	
16.585	Drug Court Discretionary Grant Program		3000	44,761	0	
16.585		2010DCBX0097	3650	2,001	0	PT
	<b>Federal Program 16.585 Total</b>			<b>46,762</b>	<b>0</b>	
16.588	Violence Against Women - Form Grnts		1030	3,198,205	2,693,027	
	<b>Federal Program 16.588 Total</b>			<b>3,198,205</b>	<b>2,693,027</b>	
16.590	Grants to Encourage Arrest Policies and Enforcemen		1030	157,099	114,139	
	<b>Federal Program 16.590 Total</b>			<b>157,099</b>	<b>114,139</b>	
16.593	Residential Substance Abuse Treatment for State Pr		3000	111,221	109,089	
	<b>Federal Program 16.593 Total</b>			<b>111,221</b>	<b>109,089</b>	
16.606	State Criminal Alien Assistance Program		3100	1,447,797	0	
	<b>Federal Program 16.606 Total</b>			<b>1,447,797</b>	<b>0</b>	
16.609	Community Prosecution and Project Safe Neighborhoo		1030	30	30	
	<b>Federal Program 16.609 Total</b>			<b>30</b>	<b>30</b>	
16.727	Enforcing Underage Drinking Laws Program		3000	506,007	207,325	
	<b>Federal Program 16.727 Total</b>			<b>506,007</b>	<b>207,325</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Justice**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
16.730	Reduction and Prevention of Children's Exposure To		3650	391,567	337,243	
16.730		9920110126	3650	23,110	0	PT
16.730		115314-G002990	6990	223,901	0	PT
<b>Federal Program 16.730 Total</b>				<b>638,578</b>	<b>337,243</b>	
16.735	Protecting Inmates and Safeguarding Communities DI		1030	97,695	97,695	
16.735			3100	90,000	0	
<b>Federal Program 16.735 Total</b>				<b>187,695</b>	<b>97,695</b>	
16.741	Forensic DNA Backlog Reduction Program		2250	932,219	0	
<b>Federal Program 16.741 Total</b>				<b>932,219</b>	<b>0</b>	
16.742	Paul Coverdell Forensic Sciences Improvement Grant		2250	241,462	0	
<b>Federal Program 16.742 Total</b>				<b>241,462</b>	<b>0</b>	
16.745	Criminal and Juvenile Justice and Mental Health Co		3100	151,247	0	
<b>Federal Program 16.745 Total</b>				<b>151,247</b>	<b>0</b>	
16.746	Capital Case Litigation		0560	90,099	0	
16.746			3600	36,238	0	
<b>Federal Program 16.746 Total</b>				<b>126,337</b>	<b>0</b>	
16.750	Support for ADAM Walsh Act Implementation Grant Pr		1030	121,742	121,742	
<b>Federal Program 16.750 Total</b>				<b>121,742</b>	<b>121,742</b>	
16.754	Harold Rogers Prescription Drug Monitoring Program		3030	284,424	0	
<b>Federal Program 16.754 Total</b>				<b>284,424</b>	<b>0</b>	
16.812	Second Chance Act Prisoner Reentry Initiative		3000	451,405	0	
16.812			3100	224,660	0	
<b>Federal Program 16.812 Total</b>				<b>676,065</b>	<b>0</b>	
16.816	John R Justice Prosecutors & Defenders Inc Act		3400	49,277	43,157	
<b>Federal Program 16.816 Total</b>				<b>49,277</b>	<b>43,157</b>	
16.922	Equitable Sharing Program		2250	459,715	0	
<b>Federal Program 16.922 Total</b>				<b>459,715</b>	<b>0</b>	
16.999	Department of Justice - Undetermined		1170	570,651	0	
<b>Federal Program 16.999 Total</b>				<b>570,651</b>	<b>0</b>	
<b>Dept of Justice Total</b>				<b>26,886,472</b>	<b>9,024,512</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Labor**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
17.002	Labor Force Statistics		2350	481,180	0	
17.002			5400	1,572,164	0	
	<b>Federal Program 17.002 Total</b>			<b>2,053,344</b>	<b>0</b>	
17.225	Unemployment Insurance		5400	1,504,193,135	0	
	<b>Federal Program 17.225 Total</b>			<b>1,504,193,135</b>	<b>0</b>	
17.225A	ARRA - Unemployment Insurance		5400	4,991	0	
	<b>Federal Program 17.225A Total</b>			<b>4,991</b>	<b>0</b>	
17.235	Senior Comm Service Empl Pgm		3000	1,096,197	985,581	
	<b>Federal Program 17.235 Total</b>			<b>1,096,197</b>	<b>985,581</b>	
17.245	Trade Adjustment Assistance		5400	9,333,895	0	
	<b>Federal Program 17.245 Total</b>			<b>9,333,895</b>	<b>0</b>	
17.261	WIA Pilots, Demonstrations, and Research Projects		5400	162,966	0	
	<b>Federal Program 17.261 Total</b>			<b>162,966</b>	<b>0</b>	
17.268	H-1b Job Training Grants		3540	12,883	0	
	<b>Federal Program 17.268 Total</b>			<b>12,883</b>	<b>0</b>	
17.269	Community Based Job Training Grants		6990	533,189	0	
17.269		1011-01861A	6990	7,000	0	PT
	<b>Federal Program 17.269 Total</b>			<b>540,189</b>	<b>0</b>	
17.270	Reintegration of Ex-Offenders	7882	5400	201,918	0	PT
	<b>Federal Program 17.270 Total</b>			<b>201,918</b>	<b>0</b>	
17.271	Work Opportunity Tax Credit Program (Wotc)		5400	325,813	0	
	<b>Federal Program 17.271 Total</b>			<b>325,813</b>	<b>0</b>	
17.273	Temporary Labor Certification for Foreign Workers		5400	85,494	0	
	<b>Federal Program 17.273 Total</b>			<b>85,494</b>	<b>0</b>	
17.274	Youthbuild	YB 24687-13-60-A-54	6990	25,008	0	PT
	<b>Federal Program 17.274 Total</b>			<b>25,008</b>	<b>0</b>	
17.277	Workforce Investment Act (Wia) National Emergency		5400	3,023,760	2,190,435	
	<b>Federal Program 17.277 Total</b>			<b>3,023,760</b>	<b>2,190,435</b>	
17.282	Trade Adjustment Assist Comm College & Career Trng		6990	12,086,728	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Labor**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
17.282	Trade Adjustment Assist Comm College & Career Trng	TC-22520	6990	404,783	0	PT
17.282		TC-23794-12-60-A-20	6990	508,263	0	PT
<b>Federal Program 17.282 Total</b>				<b>12,999,774</b>	<b>0</b>	
17.502	Occupational Safety and Health_susan Harwood Train	UW OSP# A77367	3600	8,429	0	PT
<b>Federal Program 17.502 Total</b>				<b>8,429</b>	<b>0</b>	
17.503	Occupational Safety &health State Prog		2350	7,194,025	0	
<b>Federal Program 17.503 Total</b>				<b>7,194,025</b>	<b>0</b>	
17.600	Mine Health and Safety Grants		3700	17,435	9,150	
<b>Federal Program 17.600 Total</b>				<b>17,435</b>	<b>9,150</b>	
17.805	Homeless Veterans Reintegration Project		3050	358,749	0	
<b>Federal Program 17.805 Total</b>				<b>358,749</b>	<b>0</b>	
<b>Dept of Labor Total</b>				<b>1,541,638,005</b>	<b>3,185,166</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of State**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
19.000	State - Contract Number Only Provided	13SZSK0179 MOD01	3600	87,099	0	PT
19.000		201121454-17	3600	20,075	0	PT
19.000		31597100001UWLSMOD03	3600	745,662	0	PT
19.000		AID-486-A-13-00011	3600	111,463	0	
19.000		AID0AAA1200023MOD01	3600	1,162,098	508,108	
19.000		ORDERPC128067REQ121204	3600	1,469	0	
19.000		PC-12-8-067 MOD01	3600	20,084	0	
19.000		S-UZ800-08-GR184A	3600	(23,983)	0	
19.000		SH1113 TO01 AM06	3600	61,635	0	PT
19.000		SIAPS-2011-003 TO07	3600	25,865	0	PT
19.000		SIAPS-2011-003 TO09	3600	37,594	0	PT
19.000		SIAPS-2011-003 TO10	3600	35,009	0	PT
19.000		SIAPS2011003TO02AM03	3600	(3,847)	0	PT
19.000		SIAPS2011003TO11AM01	3600	5,433	0	PT
19.000		UW BUD# 666224	3600	(126)	0	PT
19.000		UW-RX2050-988-13-E	3600	24,024	0	PT
<b>Federal Program 19.000 Total</b>				<b>2,309,554</b>	<b>508,108</b>	
19.009	Academic Exchange Programs - Undergraduate Program		3650	149,054	0	
19.009			6990	1,795,599	0	
19.009		EVT9466067007	6990	10,671	0	PT
<b>Federal Program 19.009 Total</b>				<b>1,955,324</b>	<b>0</b>	
19.010	Academic Exchange Programs - Humphrey Fellowship P	UW BUD# 800359	3600	219,049	0	PT
19.010		UW BUD# 800400	3600	8,686	0	PT
<b>Federal Program 19.010 Total</b>				<b>227,735</b>	<b>0</b>	
19.017	Environmental and Scientific Partnerships and Prog		3600	206,796	0	
<b>Federal Program 19.017 Total</b>				<b>206,796</b>	<b>0</b>	
19.033	Global Threat Reduction		3600	284,663	0	
<b>Federal Program 19.033 Total</b>				<b>284,663</b>	<b>0</b>	
19.415	Professional Exchanges_annual Open Grant	SECACU12CA100SSAM01	3600	69,229	0	PT
<b>Federal Program 19.415 Total</b>				<b>69,229</b>	<b>0</b>	
19.500	Middle East Partnership Initiative (Mepi)		3600	247,467	0	
<b>Federal Program 19.500 Total</b>				<b>247,467</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of State**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
19.703	Criminal Justice Systems		3600	2,700,444	0	
<b>Federal Program 19.703 Total</b>				<b>2,700,444</b>	<b>0</b>	
<b>Dept of State Total</b>				<b>8,001,212</b>	<b>508,108</b>	

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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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.000	DOT - Contract Number Only Provided	DTNH22-09-H-00263	2280	228,301	228,301	
20.000		DTNH22-12-00025	2280	24,000	24,000	
20.000		DTNH22-12-00153	2280	134,875	0	
20.000		008500-050 MOD01	3600	(43)	0	PT
20.000		1001283139	3600	17,890	0	PT
20.000		101219SB1E TO01 MOD2	3600	(24)	0	PT
20.000		101219SB1E TO02 MOD03	3600	100,959	0	PT
20.000		12-C-AM-UW AM03	3600	48,777	0	
20.000		12-C-AM-UW AM08	3600	6,781	0	
20.000		12-C-AM-UW AM09	3600	148,593	0	
20.000		12-C-AM-UW-005	3600	17,369	0	
20.000		12-C-AM-UW-AM011	3600	86,737	0	
20.000		12-C-AM-UW-AM10	3600	95,884	0	
20.000		8500-060 MOD01	3600	33,578	0	PT
20.000		8928-S-08 T007 MOD01	3600	89,881	0	PT
20.000		DAILEY2811IPA483001	3600	176,636	0	
20.000		DTFH64-13-G-00009	3600	28,119	0	
20.000		DTFH70-08-E00016 AM05	3600	5,816	5,816	
20.000		TOPR210026RR02UW1	3600	48,824	0	PT
20.000		UW BUD# 667352	3600	2,638	0	PT
20.000		12CAMWSU	3650	21,843	0	
20.000		45119919276	3650	455,441	0	PT
20.000		GF40511	3650	22,870	0	PT
20.000		HR0949A	3650	295,509	0	PT
20.000		WSU000305	3650	4,314	0	PT
20.000		WSU006	3650	8,876	0	PT
<b>Federal Program 20.000 Total</b>				<b>2,104,444</b>	<b>258,117</b>	
20.106	Airport Improvement Program		4050	49,005	0	
<b>Federal Program 20.106 Total</b>				<b>49,005</b>	<b>0</b>	
20.215	Highway Training and Education	1213	3650	69,663	0	PT
<b>Federal Program 20.215 Total</b>				<b>69,663</b>	<b>0</b>	
20.218	National Motor Carrier Safety		2250	5,060,407	0	
20.218			4050	227,257	0	
<b>Federal Program 20.218 Total</b>				<b>5,287,664</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.223	Transportation Infrastructure Finance and Innovati		4050	10,000,000	0	
	<b>Federal Program 20.223 Total</b>			<b>10,000,000</b>	<b>0</b>	
20.232	Commercial Driver License State Programs		2400	157,920	0	
	<b>Federal Program 20.232 Total</b>			<b>157,920</b>	<b>0</b>	
20.239	Motor Carrier Research and Technology Programs	425942-19124A	3600	93,190	0	PT
	<b>Federal Program 20.239 Total</b>			<b>93,190</b>	<b>0</b>	
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Eff		2400	29,888	0	
	<b>Federal Program 20.240 Total</b>			<b>29,888</b>	<b>0</b>	
20.317	Capital Assistance to States - Intercity Passenger		4050	5,522,235	0	
	<b>Federal Program 20.317 Total</b>			<b>5,522,235</b>	<b>0</b>	
20.319	High Speed Rail Corr & Passenger Rail Cap		4050	(408,905)	(470,499)	
	<b>Federal Program 20.319 Total</b>			<b>(408,905)</b>	<b>(470,499)</b>	
20.319A	ARRA - High Speed Rail Corr & Passenger Rail Cap		4050	102,875,364	6,479,760	
	<b>Federal Program 20.319A Total</b>			<b>102,875,364</b>	<b>6,479,760</b>	
20.320	Rail Line Relocation and Improvement		4050	329,832	0	
	<b>Federal Program 20.320 Total</b>			<b>329,832</b>	<b>0</b>	
20.505	Federal Transit Metropolitan Planning		4050	461,664	0	
	<b>Federal Program 20.505 Total</b>			<b>461,664</b>	<b>0</b>	
20.509	Formula Grants for Rural Areas		4050	10,450,037	9,257,994	
	<b>Federal Program 20.509 Total</b>			<b>10,450,037</b>	<b>9,257,994</b>	
20.608	Minimum Penalties for Repeat Offenders for Driving		2280	9,557,929	9,557,929	
	<b>Federal Program 20.608 Total</b>			<b>9,557,929</b>	<b>9,557,929</b>	
20.614	Nhtsa Discretionary Safety Grants		3600	525,819	29,682	
	<b>Federal Program 20.614 Total</b>			<b>525,819</b>	<b>29,682</b>	
20.616	National Priority Safety Programs		2280	2,377,458	2,377,458	
	<b>Federal Program 20.616 Total</b>			<b>2,377,458</b>	<b>2,377,458</b>	
20.700	Pipeline Safety Program Base Grants		2150	1,207,789	0	
	<b>Federal Program 20.700 Total</b>			<b>1,207,789</b>	<b>0</b>	
20.701	University Transportation Centers Program		3600	2,440,405	1,484,468	

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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.701	University Transportation Centers Program	N/A	3700	1,896	0	PT
<b>Federal Program 20.701 Total</b>				<b>2,442,301</b>	<b>1,484,468</b>	
20.703	Interagency Hazardous Materials Public Sector Trai		2450	374,934	371,171	
<b>Federal Program 20.703 Total</b>				<b>374,934</b>	<b>371,171</b>	
20.932	ARRA - Surface Trans Discretionary Grants for Cap		4050	4,049,805	4,049,805	
<b>Federal Program 20.932 Total</b>				<b>4,049,805</b>	<b>4,049,805</b>	
20.933	Surface Transportation Infrastructure Disc. Grants		4050	17,429,512	7,905,170	
<b>Federal Program 20.933 Total</b>				<b>17,429,512</b>	<b>7,905,170</b>	
<b>Dept of Transportation Total</b>				<b>174,987,548</b>	<b>41,301,055</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of the Treasury**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
21.000	Department of Treasury - Undetermined	PLC112-55.95X1350	1480	3,219	0	PT
<b>Federal Program 21.000 Total</b>				<b>3,219</b>	<b>0</b>	
21.008	Low-Income Taxpayer Clinics		3600	96,603	0	
<b>Federal Program 21.008 Total</b>				<b>96,603</b>	<b>0</b>	
21.999	Department of Treasury - Undetermined		1030	8,635,217	0	
<b>Federal Program 21.999 Total</b>				<b>8,635,217</b>	<b>0</b>	
<b>Dept of the Treasury Total</b>				<b>8,735,039</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**General Services Administration**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<hr/>						
39.003	Donation of Federal Surplus Personal Property		1790	1,712	0	NC
39.003			2250	9,826	0	NC
39.003			3050	1,556	0	NC
39.003			3600	3,348	0	NC
39.003			6990	72,679	0	NC
<hr/>				<b>Federal Program 39.003 Total</b>	<b>89,121</b>	<b>0</b>
<hr/>				<b>General Services Administration Total</b>	<b>89,121</b>	<b>0</b>

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Library of Congress**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
42,999	Library of Congress - Undetermined	None	3800	2,222	0	PT
<b>Federal Program 42.999 Total</b>				<b>2,222</b>	<b>0</b>	
<b>Library of Congress Total</b>				<b>2,222</b>	<b>0</b>	

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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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Aeronautics & Space Admin**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
43.000	Nasa - Contract Number Only Provided	00001601 MOD06	3600	240,764	0	PT
43.000		08-964 AM09	3600	2,481	0	PT
43.000		12-0233 MOD02	3600	258,495	0	PT
43.000		1303809 MOD15	3600	74,302	0	PT
43.000		1318943NNN13D006TMOD19	3600	43,377	0	PT
43.000		1318945 MOD16	3600	105,343	0	PT
43.000		1359623 MOD09	3600	135,722	0	PT
43.000		1375272, MOD08	3600	59,151	0	PT
43.000		1377557 MOD 04	3600	243	0	PT
43.000		1420479 MOD07	3600	39,255	0	PT
43.000		1458461TONM0710772MOD0	3600	110,699	0	PT
43.000		1459517 MOD01	3600	89,084	0	PT
43.000		2-1092669 MOD01	3600	60,679	0	PT
43.000		230660A MOD01	3600	11,637	0	PT
43.000		4-10067-4051 AM19	3600	31,520	0	PT
43.000		435-SC01 MOD04	3600	(1,850)	0	PT
43.000		46508 MOD02	3600	16,600	0	PT
43.000		ARO-11014X AM03	3600	29,213	0	PT
43.000		HST-AR-10945.01-A AM07	3600	37,020	0	PT
43.000		HST-AR-12852.03-A AM01	3600	49,285	0	PT
43.000		HST-GO-11580.001A AM05	3600	765	0	PT
43.000		HST-GO-11688.01-A AM02	3600	40,864	0	PT
43.000		HST-GO-11718.01-A AM03	3600	40,523	0	PT
43.000		HST-GO-11732.02-A	3600	5,498	0	PT
43.000		HST-GO-11986.01-A AM03	3600	35,099	0	PT
43.000		HST-GO-12055.01-A AM05	3600	585,969	0	PT
43.000		HST-GO-12178.01-A AM01	3600	40,021	0	PT
43.000		HST-GO-12180.07-A	3600	1,355	0	PT
43.000		HST-GO-12213	3600	(249)	0	PT
43.000		HST-GO-12231.01-A	3600	32,341	0	PT
43.000		HST-HF-51273.01-A AM04	3600	21,568	0	PT
43.000		HSTGO1205501AAMEND1	3600	17,403	0	PT
43.000		MA01603 AM05	3600	(1,515)	0	PT
43.000		NNX08AR30G MOD000007	3600	31,626	0	
43.000		NNX08AR30G S000009	3600	45,876	0	
43.000		NNX08AT87G S000007	3600	20,320	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Aeronautics & Space Admin**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
43.000	Nasa - Contract Number Only Provided	NNX09AC77G S06	3600	44,835	0	
43.000		NNX09AE47G S06	3600	54,261	0	
43.000		NNX09AE65G S04	3600	(918)	0	
43.000		NNX09AH73G S05	3600	114,366	0	
43.000		NNX09AI48G SUP03	3600	1,695	0	
43.000		NNX09AK57G S03	3600	10,197	0	
43.000		NNX09AK84G S04	3600	108,947	0	
43.000		NNX09AK89G S04	3600	60,316	0	
43.000		NNX09AL02G S04	3600	15,681	0	
43.000		NNX09AM73G S000003	3600	(3)	0	
43.000		NNX09AN90H S03	3600	4,972	0	
43.000		NNX09AU71G S09	3600	140,390	0	
43.000		NNX09AU73G S000008	3600	141,821	0	
43.000		NNX09AV78G S05	3600	18,814	0	
43.000		NNX10AC88G 000003	3600	5,798	6,929	
43.000		NNX10AE98G S05	3600	64,862	0	
43.000		NNX10AF48A	3600	66,124	0	
43.000		NNX10AG04G S04	3600	338,927	162,497	
43.000		NNX10AG87G S04	3600	57,430	33,799	
43.000		NNX10AH70G S03	3600	33,292	0	
43.000		NNX10AI89G S03	3600	59,800	0	
43.000		NNX10AK64H S05	3600	581,900	215,819	
43.000		NNX10AQ33G S04	3600	73,493	0	
43.000		NNX10AQ90G S05	3600	144,410	0	
43.000		NNX10AV15G S04	3600	32,256	0	
43.000		NNX11AC23G S02	3600	17,860	0	
43.000		NNX11AO63G S06	3600	92,772	0	
43.000		NNX11AQ61H S04	3600	24,006	0	
43.000		NNX12AH14G S000002	3600	63,182	0	
43.000		NNX13AD26G S02	3600	91,633	0	
43.000		NNX13AG71G S000002	3600	197,527	0	
43.000		NNX13AH74G S05	3600	5,168	0	
43.000		NNX13AN49G S01	3600	55,877	0	
43.000		NNX13AR38H	3600	26,189	0	
43.000		PO2023778547974MOD02	3600	(14,672)	0	PT
43.000		PY-2426-22727-D AM25	3600	41,338	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Aeronautics & Space Admin**

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
43.000	Nasa - Contract Number Only Provided	RC508-G1 AM02	3600	17,420	0	PT
43.000		RSA 1434690	3600	(200)	0	PT
43.000		RSA 1439137	3600	10,888	0	PT
43.000		RSA1368471MOD02NM07100	3600	9,605	0	PT
43.000		SMST03402	3600	398,514	0	PT
43.000		SMST03402 AM01	3600	9,545	0	PT
43.000		SUBCONTRACT1469582MOD0	3600	3,086	0	PT
43.000		SV3-83025 AM02	3600	17,392	0	PT
43.000		UW BUD# 660142	3600	64,118	0	PT
43.000		UW BUD# 663172	3600	2,111	0	PT
43.000		UW BUD# 668636	3600	31,500	0	PT
43.000		Z11-92259 MODM02	3600	66,774	0	PT
43.000		NNX09AI82G	3650	8,259	0	
<b>Federal Program 43.000 Total</b>				<b>5,724,042</b>	<b>419,044</b>	
43.001	Aerospace Education Services Program		3600	9,037,932	1,451,690	
43.001		1 GG008879 AM01	3600	8,208	0	PT
43.001		10029442-WA	3600	21,814	0	PT
43.001		12-006827 AM03	3600	98,395	0	PT
43.001		1307855060310PRNNX13AN	3600	29,348	0	PT
43.001		240-1095070-57589	3600	5,245	0	PT
43.001		4500001053 AM01	3600	20,951	0	PT
43.001		510 AM01	3600	24,861	0	PT
43.001		510 AM11	3600	203,774	0	PT
43.001		A101094	3600	12,000	0	PT
43.001		AR2-13007X AM02	3600	2,054	0	PT
43.001		AR2-13008X	3600	2,595	0	PT
43.001		HST-AR-12619.07-A AM01	3600	10,744	0	PT
43.001		HST-AR-12622.01-A	3600	3,337	0	PT
43.001		HST-AR-12628.01-A	3600	24,001	0	PT
43.001		HST-AR-12656.05-A	3600	(1,464)	0	PT
43.001		HST-AR-12834.01-A	3600	9,056	0	PT
43.001		HST-AR-12853.04-A	3600	7,740	0	PT
43.001		HST-AR-13264.01-A	3600	27,038	0	PT
43.001		HST-AR-13277.01-A	3600	14,051	0	PT
43.001		HST-EO-12512.06-A	3600	2,403	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Aeronautics & Space Admin**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
43.001	Aerospace Education Services Program	HST-GO-12181.05-A AM01	3600	10,528	0	PT
43.001		HST-GO-12581.06-A	3600	8,263	0	PT
43.001		HST-GO-12862.05-A	3600	2,872	0	PT
43.001		HST-GO-12870.07-A	3600	20,902	0	PT
43.001		HST-GO-12925.006-A	3600	2,320	0	PT
43.001		HST-GO-13297.06-A	3600	5,174	0	PT
43.001		HST-GO-13357.01-A AM01	3600	30,778	0	PT
43.001		HST-GO-13366.004-A	3600	27,206	0	PT
43.001		MA140004 AM01	3600	10,348	0	PT
43.001		MA140004PRNNX13AF20G	3600	1,070	0	PT
43.001		PO# 56043	3600	50,638	0	PT
43.001		S0184217 AM01	3600	52,270	0	PT
43.001		UW BUD# 667546	3600	1,903	0	PT
43.001			3650	269,572	50,705	
43.001		361090335	3650	48,280	0	PT
43.001		627619776	3650	39,158	0	PT
43.001		GNK013SB001	3650	68,988	0	PT
43.001		NNX12AQ56G"	3650	55,012	0	PT
43.001		WSU001261	3650	(12,949)	0	PT
43.001		N/A	3700	85	0	PT
43.001			3750	146,156	0	
<b>Federal Program 43.001 Total</b>				<b>10,402,657</b>	<b>1,502,395</b>	
43.002	Technology Transfer	1548572 MOD03	3600	292,344	0	PT
43.002		60016653RF01120294AM07	3600	507	0	PT
<b>Federal Program 43.002 Total</b>				<b>292,851</b>	<b>0</b>	
43.008	Education		3600	117,146	0	
<b>Federal Program 43.008 Total</b>				<b>117,146</b>	<b>0</b>	
<b>National Aeronautics &amp; Space Admin Total</b>				<b>16,536,696</b>	<b>1,921,439</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.000	Nsf - Contract Number Only Provided	49092217	3600	29,236	0	PT
47.000		6574854	3600	2,000	0	
47.000		CBET-1264477AM001	3600	10,000	0	
47.000		GSTCN010652UWAPLAM2	3600	8,675	0	PT
47.000		GSTCN0106S2 AM07	3600	461,209	0	PT
47.000		IIA-1135462-004	3600	96,723	0	
47.000		PLR-1246110	3600	37,397	0	
47.000		PO# Z10043109	3600	10,321	0	PT
47.000		PO#27191	3600	8,494	0	PT
47.000		415909G	3650	72,695	0	PT
47.000		CCF1218885	3650	142,232	0	
47.000		CMMI1348747	3650	41,512	0	
47.000		GUAR29400095	3650	5,333	0	
47.000		IOS1249298	3650	30,634	0	
47.000		ISE1446127	3650	10,073	0	
47.000		WSU002453	3650	2,989	0	PT
47.000		WSU002603	3650	1,928	0	PT
47.000		677553	6990	55,000	0	PT
<b>Federal Program 47.000 Total</b>				<b>1,026,451</b>	<b>0</b>	
<b>National Science Foundation Total</b>				<b>1,026,451</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Small Business Administration**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
59.000	Sba - Contract Number Only Provided	SBAHQ-11-I-0043	3700	54,836	0	
<b>Federal Program 59.000 Total</b>				<b>54,836</b>	<b>0</b>	
59.037	Small Business Development Centers		3650	2,483,891	648,808	
<b>Federal Program 59.037 Total</b>				<b>2,483,891</b>	<b>648,808</b>	
59.050	Prime Technical Assistance		6990	4,224	0	
<b>Federal Program 59.050 Total</b>				<b>4,224</b>	<b>0</b>	
59.061	State Trade & Export Promotion Pilot Grant Program		1030	347,250	10,000	
<b>Federal Program 59.061 Total</b>				<b>347,250</b>	<b>10,000</b>	
<b>Small Business Administration Total</b>				<b>2,890,201</b>	<b>658,808</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Tennessee Valley Authority**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
62.000	Tva - Contract Number Only Provided	00070223	3650	40,321	0	
<b>Federal Program 62.000 Total</b>				<b>40,321</b>	<b>0</b>	
<b>Tennessee Valley Authority Total</b>				<b>40,321</b>	<b>0</b>	

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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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Department of Veterans Affairs**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
64.000	VA - Contract Number Only Provided	518-D25014 MODPO2	3600	10,384	0	
64.000		518C31227	3600	3,797	0	
64.000		646D47099	3600	10,125	0	
64.000		663-C31768	3600	41,584	0	
64.000		663C31477	3600	18,925	0	
64.000		663C31686	3600	42,541	0	
64.000		663C41302	3600	57,145	0	
64.000		663C41305	3600	59,329	0	
64.000		663C41306	3600	58,939	0	
64.000		663C41307	3600	59,343	0	
64.000		663C41308	3600	72,544	0	
64.000		663C41310	3600	76,828	0	
64.000		663C41311	3600	18,503	0	
64.000		663C41312	3600	82,719	0	
64.000		663C41315	3600	57,223	0	
64.000		663C41325	3600	111,108	0	
64.000		663C41407	3600	33,370	0	
64.000		663C41409	3600	33,213	0	
64.000		663C41444	3600	19,669	0	
64.000		663C41445	3600	10,871	0	
64.000		663C45175	3600	32,276	0	
64.000		663D34041	3600	35,202	0	
64.000		663D34044	3600	73,617	0	
64.000		663D43009	3600	2,596	0	
64.000		663D43012	3600	29,010	0	
64.000		663D43016	3600	11,430	0	
64.000		663D43026	3600	86,373	0	
64.000		663D43028	3600	18,029	0	
64.000		663D43029	3600	15,904	0	
64.000		663D43034	3600	1,596	0	
64.000		663D43039	3600	78,009	0	
64.000		663D43040	3600	37,967	0	
64.000		663D43041	3600	11,018	0	
64.000		663D43049	3600	37,294	0	
64.000		663D43057	3600	21,018	0	
64.000		663D43058	3600	7,310	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Department of Veterans Affairs**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
64.000	VA - Contract Number Only Provided	663D43059	3600	26,424	0	
64.000		663D43060	3600	8,054	0	
64.000		663D43063	3600	34,989	0	
64.000		663D44015	3600	7,648	0	
64.000		CROSSIPAPO663D32005	3600	1,771	0	
64.000		MOD 02	3600	174,077	0	PT
64.000		PO #518-D21003	3600	11,443	0	
64.000		PO# 518C25245	3600	(4,872)	0	
64.000		PO# 663C31371	3600	9,303	0	
64.000		PO# 663C31372	3600	5,225	0	
64.000		PO# 663D32012	3600	15,460	0	
64.000		PO# 663D32023	3600	2,649	0	
64.000		PO# 663D32036	3600	4,930	0	
64.000		PO# 663D32041	3600	2,259	0	
64.000		PO# 663D32043	3600	8,253	0	
64.000		PO# 663D43002	3600	14,163	0	
64.000		PO# 663D43005	3600	20,191	0	
64.000		PO# 663D43007	3600	27,943	0	
64.000		PO# 663D43009	3600	17,872	0	
64.000		PO# 663D43012	3600	31,812	0	
64.000		PO# 663D43013	3600	44,777	0	
64.000		PO# 663D43014	3600	72,803	0	
64.000		PO# 663D43015	3600	22,153	0	
64.000		PO# 663D43018	3600	5,620	0	
64.000		PO# 663D43019	3600	44,074	0	
64.000		PO# 663D43021	3600	8,443	0	
64.000		PO# 663D43027	3600	16,073	0	
64.000		PO# 663D43028	3600	53,249	0	
64.000		PO# 663D43029	3600	64,272	0	
64.000		PO# 663D43034	3600	22,749	0	
64.000		PO# 663D43036	3600	7,192	0	
64.000		PO# 663D43037	3600	30,154	0	
64.000		PO# 663D43040	3600	12,370	0	
64.000		PO# 663D43041	3600	23,631	0	
64.000		PO# 663D43045	3600	47,359	0	
64.000		PO# 663D43049	3600	12,150	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Department of Veterans Affairs**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
64.000	VA - Contract Number Only Provided	PO# 663D43051	3600	76,780	0	
64.000		PO# 663D43052	3600	9,132	0	
64.000		PO# 663D43053	3600	13,784	0	
64.000		PO# 663D43054	3600	6,920	0	
64.000		PO#663D43015	3600	46,595	0	
64.000		PO#663D43036	3600	14,756	0	
64.000		UW BUD# 664515	3600	46,122	0	PT
64.000		VA241-12-C-0199	3600	9,467	0	
64.000		VA24112C0199518C35204	3600	16,362	0	
64.000		VA260-12-P-0651 P00003	3600	2,996	0	
64.000		VA260-13-C-0059	3600	24,603	0	
64.000		VA260-13-C-0060	3600	5,868	0	
64.000		VA260-13-C-0060 AM04	3600	24,997	0	
64.000		VA260-13-C-0065	3600	25,329	0	
64.000		VA260-13-C-0073	3600	120,643	0	
64.000		VA260-13-C-0075	3600	14,896	0	
64.000		VA260-13-C-0077	3600	28,351	0	
64.000		VA260-13-C-0078	3600	12,989	0	
64.000		VA260-13-C-0084	3600	57,398	0	
64.000		VA260-13-P-0629	3600	8,232	0	
64.000		VA260-P-0718,P00003	3600	14,191	0	
64.000		VA26012P1082663C31630	3600	4	0	
64.000		VA260130083PO663C45082	3600	92,573	0	
64.000		VA26013C0020663C45081	3600	15,644	0	
64.000		VA26013C0020PO663C3169	3600	15,929	0	
64.000		VA26013C0020PO663C4508	3600	31,287	0	
64.000		VA26013C0024663C45085	3600	45,787	0	
64.000		VA26013C0024POC31787	3600	14,934	0	
64.000		VA26013C0059663D44008	3600	43,321	0	
64.000		VA26013C0060663D44010	3600	104,994	0	
64.000		VA26013C0065663C45074	3600	26,216	0	
64.000		VA26013C0065PO663C4507	3600	38,684	0	
64.000		VA26013C0067663C45072	3600	174,764	0	
64.000		VA26013C0067PO663C3176	3600	164,216	0	
64.000		VA26013C0072663C45071	3600	41,584	0	
64.000		VA26013C0072PO663C4507	3600	83,276	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Department of Veterans Affairs**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
64.000	VA - Contract Number Only Provided	VA26013C0073663C45078	3600	39,621	0	
64.000		VA26013C0075663C45083	3600	14,614	0	
64.000		VA26013C0075PO663C4508	3600	29,471	0	
64.000		VA26013C0076663C45319	3600	1,312	0	
64.000		VA26013C0076PO663C3177	3600	1,208	0	
64.000		VA26013C0076PO663C4507	3600	2,992	0	
64.000		VA26013C0077663C45080	3600	29,098	0	
64.000		VA26013C0077PO663C4508	3600	58,196	0	
64.000		VA26013C0078663C45088	3600	122,092	0	
64.000		VA26013C0080663C45087	3600	67,233	0	
64.000		VA26013C0080PO663C3176	3600	91,396	0	
64.000		VA26013C0080PO663C4508	3600	131,336	0	
64.000		VA26013C0081PO663C3177	3600	45,199	0	
64.000		VA26013C0081PO663C4507	3600	66,086	0	
64.000		VA26013C0082663C45070	3600	7,617	0	
64.000		VA26013C0082MODP00001	3600	29,030	0	
64.000		VA26013C0082PO663C3176	3600	14,490	0	
64.000		VA26013C0083663C45082	3600	46,266	0	
64.000		VA26013C0083PO663C3177	3600	45,990	0	
64.000		VA26013C0084663C45079	3600	53,287	0	
64.000		VA26013C0084PO663C4507	3600	106,574	0	
64.000		VA26013C0085PO663C3177	3600	1,260	0	
64.000		VA26013C0085PO663C4507	3600	4,527	0	
64.000		VA26013P0570663D44002	3600	14,495	0	
64.000		VA26013P0629663D44003	3600	9,204	0	
64.000		VA26013P3037663D34040	3600	41,076	0	
64.000		VA26014C0014663C45158	3600	6,971	0	
64.000		VA26014C0022663C31938	3600	81,476	0	
64.000		VA26014C0023663C45257	3600	43,945	0	
64.000		VA26014C0024663C45256	3600	10,495	0	
64.000		VA260P0741VA663D34012	3600	23,324	0	
64.000		VA260P0743VA663D22018	3600	(2,548)	0	
64.000		VA260P0873POVA663D3400	3600	1,554	0	
64.000		VA663-D34024	3600	11,806	0	
<b>Federal Program 64.000 Total</b>				<b>5,007,789</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Department of Veterans Affairs**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
64.012	Veterans Prescription Service		3050	242,511	0	
	<b>Federal Program 64.012 Total</b>			<b>242,511</b>	<b>0</b>	
64.014	Veterans State Domiciliary Care		3050	95,595	0	
	<b>Federal Program 64.014 Total</b>			<b>95,595</b>	<b>0</b>	
64.015	Veterans State Nursing Home Care		3050	20,995,918	0	
	<b>Federal Program 64.015 Total</b>			<b>20,995,918</b>	<b>0</b>	
64.024	VA Homeless Providers Grant and Per Diem Program		3050	815,409	0	
	<b>Federal Program 64.024 Total</b>			<b>815,409</b>	<b>0</b>	
64.027	ARRA - Post 911 Veterans Educational Assistance		6990	2,000,702	0	
	<b>Federal Program 64.027 Total</b>			<b>2,000,702</b>	<b>0</b>	
64.101	Burial Expenses Allowance for Veterans		3050	201,721	0	
	<b>Federal Program 64.101 Total</b>			<b>201,721</b>	<b>0</b>	
64.110	Veterans Dependency and Indemnity Compensation For		6990	3,720	0	
	<b>Federal Program 64.110 Total</b>			<b>3,720</b>	<b>0</b>	
64.115	Veterans Information and Assistance		3050	7,264	0	
	<b>Federal Program 64.115 Total</b>			<b>7,264</b>	<b>0</b>	
64.116	Vocational Rehabilitation for Disabled Veterans		6990	2,070	0	
	<b>Federal Program 64.116 Total</b>			<b>2,070</b>	<b>0</b>	
64.117	Survivors and Dependents Educational Assistance		6990	18,855	0	
	<b>Federal Program 64.117 Total</b>			<b>18,855</b>	<b>0</b>	
64.124	All-Volunteer Force Educational Assistance		3400	289,486	0	
64.124			3540	189,843	0	
64.124			6990	2,307	0	
	<b>Federal Program 64.124 Total</b>			<b>481,636</b>	<b>0</b>	
64.203	State Cemetery Grants		3050	472,002	0	
	<b>Federal Program 64.203 Total</b>			<b>472,002</b>	<b>0</b>	
64.999	Veterans Affairs - Undetermined		3600	113,083	0	
64.999			6990	1,396,199	0	
	<b>Federal Program 64.999 Total</b>			<b>1,509,282</b>	<b>0</b>	
	<b>Department of Veterans Affairs Total</b>			<b>31,854,474</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Environmental Protection Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
66.000	Epa - Contract Number Only Provided	4945-RFA13-1/14-6	3600	7,313	0	PT
66.000		A84730 AM01	3600	4,385	0	PT
66.000		D39477D AM01	3600	(94)	0	PT
66.000		EP-13-W-000237	3600	22,091	0	
66.000		SU83531201	3600	1,107	0	
66.000		EP117000239	3650	102,601	0	
66.000		GS-00F-0045P	3650	3,665	0	PT
66.000		WSU002282	3650	16	0	PT
<b>Federal Program 66.000 Total</b>				<b>141,084</b>	<b>0</b>	
66.032	State Indoor Radon Grants		3030	39,957	0	
<b>Federal Program 66.032 Total</b>				<b>39,957</b>	<b>0</b>	
66.034	Surveys, Studies, Research, Investigations, Demons		3030	100,478	0	
<b>Federal Program 66.034 Total</b>				<b>100,478</b>	<b>0</b>	
66.034	Surveys, Studies, Research, Investigations, Demons		3650	19,461	0	
<b>Federal Program 66.034 Total</b>				<b>19,461</b>	<b>0</b>	
66.120	Puget Sound Watershed Management Assistance	ORGU2181ACCT741190ACTU	3600	21,763	0	PT
<b>Federal Program 66.120 Total</b>				<b>21,763</b>	<b>0</b>	
66.122	Puget Sound Action Agenda Outreach, Edu Steward Su		4780	1,510,895	0	
<b>Federal Program 66.122 Total</b>				<b>1,510,895</b>	<b>0</b>	
66.123	Ps Action Agenda: Tech Investigations & Implement		3030	4,576,541	3,002,211	
66.123			3600	1,286,863	115,333	
66.123			4610	9,783,803	3,871,784	
66.123		PC-00J29801-0	4610	31,416	0	PT
66.123			4770	3,779,259	0	
66.123			4780	5,690,225	0	
<b>Federal Program 66.123 Total</b>				<b>25,148,107</b>	<b>6,989,328</b>	
66.202	Congressionally Mandated Projects		4610	13,603	0	
<b>Federal Program 66.202 Total</b>				<b>13,603</b>	<b>0</b>	
66.419	Water Pollution Control State, Interstate, and Tri		3030	250,825	0	
66.419			4610	333,071	0	
<b>Federal Program 66.419 Total</b>				<b>583,896</b>	<b>0</b>	

**The notes to the schedule of expenditures of federal awards are an integral part of this schedule.**



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Environmental Protection Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
66.432	State Public Water System Supervision		3030	2,526,474	3,634	
	<b>Federal Program 66.432 Total</b>			<b>2,526,474</b>	<b>3,634</b>	
66.436	Surveys, Studies, Investigations, Demonstrations,		4610	15,817	0	
	<b>Federal Program 66.436 Total</b>			<b>15,817</b>	<b>0</b>	
66.454	Water Quality Mgmt Planning		4610	255,730	0	
	<b>Federal Program 66.454 Total</b>			<b>255,730</b>	<b>0</b>	
66.456	National Estuary Program		4780	527,727	0	
	<b>Federal Program 66.456 Total</b>			<b>527,727</b>	<b>0</b>	
66.460	Nonpoint Source Implementation Grants		4610	3,496,541	1,882,982	
	<b>Federal Program 66.460 Total</b>			<b>3,496,541</b>	<b>1,882,982</b>	
66.461	Regional Wetland Program Development Grants		4610	122,195	0	
66.461			4900	141,548	0	
	<b>Federal Program 66.461 Total</b>			<b>263,743</b>	<b>0</b>	
66.472	Beach Monitoring and Notification Program Implemen		4610	268,762	0	
	<b>Federal Program 66.472 Total</b>			<b>268,762</b>	<b>0</b>	
66.510	Surveys, Studies, Investigations and Special Purpo		3600	2,374	0	
	<b>Federal Program 66.510 Total</b>			<b>2,374</b>	<b>0</b>	
66.517	Regional Applied Research Efforts (Rare)		3650	27,780	0	
	<b>Federal Program 66.517 Total</b>			<b>27,780</b>	<b>0</b>	
66.605	Performance Partnership Grants	C794	3650	156,273	0	PT
66.605			4610	8,564,301	1,826,823	
	<b>Federal Program 66.605 Total</b>			<b>8,720,574</b>	<b>1,826,823</b>	
66.608	Environmental Information Exchange Network Grant P		4610	58,267	0	
66.608			4670	56,565	14,907	
	<b>Federal Program 66.608 Total</b>			<b>114,832</b>	<b>14,907</b>	
66.612	Surveys, Studies, Investigations, Training Demonst	TRI-GR3-2012	3800	2,544	0	PT
	<b>Federal Program 66.612 Total</b>			<b>2,544</b>	<b>0</b>	
66.700	Consolidated Pesticide Enforcement Cooperative Agr		4950	702,712	0	
	<b>Federal Program 66.700 Total</b>			<b>702,712</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Environmental Protection Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
66.707	Tsca Title Iv State Lead Grants Certification of L		1030	282,390	0	
	<b>Federal Program 66.707 Total</b>			<b>282,390</b>	<b>0</b>	
66.708	Pollution Prevention Grants Program		4610	332,197	77,613	
	<b>Federal Program 66.708 Total</b>			<b>332,197</b>	<b>77,613</b>	
66.714	Pesticide Environmental Stewardship Regional Grant		3650	26,008	0	
	<b>Federal Program 66.714 Total</b>			<b>26,008</b>	<b>0</b>	
66.716	Research, Development, Monitoring, Public Educatio		3650	100,634	61,132	
	<b>Federal Program 66.716 Total</b>			<b>100,634</b>	<b>61,132</b>	
66.801	Hazardous Waste Management State Program Support		4610	1,840,418	0	
	<b>Federal Program 66.801 Total</b>			<b>1,840,418</b>	<b>0</b>	
66.802	Superfund State Political Subdivision & Ind		4610	427,899	0	
66.802			4900	69,177	0	
	<b>Federal Program 66.802 Total</b>			<b>497,076</b>	<b>0</b>	
66.804	State and Tribal Underground Storage Tanks Program		4610	378,400	0	
	<b>Federal Program 66.804 Total</b>			<b>378,400</b>	<b>0</b>	
66.805	Leaking Underg Stor Tank Trust Fund		4610	794,923	0	
	<b>Federal Program 66.805 Total</b>			<b>794,923</b>	<b>0</b>	
66.808	Solid Waste Management Assistance Grants		3030	20,933	0	
	<b>Federal Program 66.808 Total</b>			<b>20,933</b>	<b>0</b>	
66.809	Superfund State and Indian Tribe CORE Program Coop		4610	112,469	0	
	<b>Federal Program 66.809 Total</b>			<b>112,469</b>	<b>0</b>	
66.817	State and Tribal Response Program Grants		4610	1,045,894	0	
	<b>Federal Program 66.817 Total</b>			<b>1,045,894</b>	<b>0</b>	
66.818	Brownfields Assess & Cleanup Coop Agmt		1030	35,708	766	
	<b>Federal Program 66.818 Total</b>			<b>35,708</b>	<b>766</b>	
66.940	Environmental Policy and State Innovation Grants		4610	48,748	1,485	
	<b>Federal Program 66.940 Total</b>			<b>48,748</b>	<b>1,485</b>	
66.951	Environmental Education Grants		3500	24,290	22,391	
	<b>Federal Program 66.951 Total</b>			<b>24,290</b>	<b>22,391</b>	
	<b>Environmental Protection Agency Total</b>			<b>50,044,942</b>	<b>10,881,061</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Nuclear Regulatory Commission**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
77.008	U.S. Nuclear Regulatory Commission Scholarship And		6990	39,167	0	
<b>Federal Program 77.008 Total</b>				<b>39,167</b>	<b>0</b>	
<b>Nuclear Regulatory Commission Total</b>				<b>39,167</b>	<b>0</b>	

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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, 2014  
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**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	00054921	1030	1,530,794	1,398,083	
81.000		00062910	1030	1,571,845	1,238,378	
81.000		00058849	3600	77,792	0	
81.000		00058850	3600	92,964	0	
81.000		00059750	3600	19,137	0	PT
81.000		00062696	3600	215,407	0	
81.000		00062859	3600	24,274	0	
81.000		00062996	3600	225,671	0	
81.000		00063491	3600	160,452	0	
81.000		00063500 MOD01	3600	129,584	0	
81.000		00102644	3600	168,276	0	PT
81.000		1038388 MOD07	3600	(260)	0	PT
81.000		113484 MOD01	3600	97,063	0	PT
81.000		170669 MOD04	3600	(14)	0	PT
81.000		1725-205-2010044	3600	14,404	0	PT
81.000		172543 MOD03	3600	9,760	0	PT
81.000		182280 MOD01	3600	11,694	0	PT
81.000		188680-1 MOD02	3600	54,179	0	PT
81.000		194961	3600	113,636	0	
81.000		2013.0005	3600	39,789	0	PT
81.000		206034 MOD04	3600	54,216	0	
81.000		21701 MOD13	3600	73,488	0	PT
81.000		218388 MOD02	3600	11,173	0	
81.000		219699 MOD01	3600	52,083	0	
81.000		228238 MOD01	3600	58,795	0	
81.000		230467	3600	20,959	0	
81.000		240755-1	3600	12,876	0	
81.000		252206 AM01	3600	78,418	0	
81.000		276558BAN7446600109	3600	16,864	0	
81.000		2F-31381 MOD02	3600	48,021	0	PT
81.000		3481-4700190350	3600	67,137	0	PT
81.000		3481-4700190350 AM01	3600	24,137	0	PT
81.000		3F-32162 MOD02	3600	15,555	0	PT
81.000		4000093555 MOD10	3600	249,223	0	PT
81.000		4000127504 MOD02	3600	41,442	0	PT
81.000		45809 AM02	3600	77,844	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	4F-30041	3600	18,095	0	PT
81.000		58847	3600	66,035	0	
81.000		59002	3600	77,445	0	
81.000		59431	3600	250,538	0	
81.000		61266	3600	60,846	0	
81.000		61267	3600	139,360	0	PT
81.000		61661	3600	41,717	0	PT
81.000		61661 AM02	3600	48,538	0	PT
81.000		63100	3600	199,844	0	
81.000		63474	3600	27,631	0	
81.000		6700882 MOD22	3600	521,233	0	PT
81.000		6700882, MOD09	3600	(55)	0	PT
81.000		7074345 MOD01	3600	232,685	0	
81.000		75501 TO# 216690 MOD01	3600	36,743	0	
81.000		889186-874J AM09	3600	68,556	0	PT
81.000		AGG-2-22256-01 MOD02	3600	1	0	PT
81.000		B598717 MOD03	3600	50,829	0	PT
81.000		CONTRACT96824MOD06MA75	3600	312,006	0	PT
81.000		FA48556 AM07	3600	54,012	0	PT
81.000		GO-DE-005313-07	3600	(24,676)	0	PT
81.000		MA 75501	3600	82,055	0	
81.000		MASTER75501TO227101	3600	27,678	0	PT
81.000		PO # 184610 MOD04	3600	41,120	0	
81.000		PO 608495	3600	9,050	0	PT
81.000		PO#193395 MOD03	3600	(920)	0	
81.000		TASK ORDER 206759	3600	94,386	0	
81.000		TASK ORDER 220006	3600	1,131	0	
81.000		TASK ORDER 222896	3600	43,550	0	
81.000		TASKORDER161937MOD04	3600	20,866	0	PT
81.000		TO #204247 MOD02	3600	11,224	0	PT
81.000		TO 108989 MOD05	3600	55,671	0	PT
81.000		TO 208544 MOD02	3600	33,497	0	
81.000		TO 209930 MOD01	3600	14,191	0	
81.000		TO#177999 MOD02	3600	45,287	0	PT
81.000		TO160891MSTR75501MOD02	3600	49,762	0	PT
81.000		USFHLJCJ02 AM01	3600	78,211	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	UW BUD# 800401	3600	11,818	0	PT
81.000		UW BUD# 807280	3600	6,238	0	PT
81.000		UW BUD# 807394	3600	21,308	0	PT
81.000		XHD-4-42006-01	3600	66,444	0	PT
81.000		"193650	3650	13,610	0	PT
81.000		0000114311	3650	101,538	0	PT
81.000		00014002	3650	79,892	0	PT
81.000		00021287-00006	3650	(53)	0	
81.000		00050029	3650	1,017,240	111,336	
81.000		00056026	3650	71,333	47,554	
81.000		00057666	3650	(283)	0	
81.000		00058740	3650	(10)	0	
81.000		00058988	3650	(14)	0	
81.000		00059555	3650	174,530	47,836	
81.000		00059650	3650	178,326	112,108	
81.000		00059987	3650	282,549	13,747	
81.000		00063004	3650	30,022	0	
81.000		00063098	3650	83,614	0	
81.000		00126553	3650	267,073	0	PT
81.000		00127427	3650	303,007	0	PT
81.000		0040	3650	(264)	0	PT
81.000		01625878"	3650	7,047	0	PT
81.000		0182	3650	261	0	PT
81.000		104976	3650	(1,310)	0	PT
81.000		1072147	3650	6,215	0	PT
81.000		109822	3650	10,018	0	PT
81.000		109823	3650	39,001	0	PT
81.000		118074	3650	153,477	0	PT
81.000		130236	3650	165	0	PT
81.000		1316643	3650	58,335	0	PT
81.000		142361	3650	(12,384)	0	PT
81.000		1511WSU01	3650	742	0	PT
81.000		154955	3650	69,925	0	PT
81.000		1566121	3650	6	0	PT
81.000		162817	3650	45,945	0	PT
81.000		171377	3650	63,991	0	PT

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, 2014  
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**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	172660	3650	50,560	0	PT
81.000		193788	3650	12,500	0	PT
81.000		195572	3650	8,281	0	PT
81.000		198288	3650	3,703	0	PT
81.000		2008001	3650	(15,780)	0	PT
81.000		201044	3650	3,688	0	PT
81.000		2012_05926_01	3650	33,581	0	PT
81.000		202042	3650	4,851	0	PT
81.000		203649	3650	38,657	0	PT
81.000		203920	3650	186,218	0	PT
81.000		205993	3650	12,000	0	PT
81.000		218529	3650	7,502	0	PT
81.000		219144	3650	7,507	0	PT
81.000		221391	3650	19,884	0	PT
81.000		225988	3650	65,174	0	PT
81.000		227795	3650	26,082	0	PT
81.000		230190	3650	6,898	0	PT
81.000		232527	3650	4,227	0	PT
81.000		252595	3650	24,652	0	PT
81.000		268378	3650	74,146	0	PT
81.000		270031SUBWSU5418EERE	3650	(133,535)	0	PT
81.000		38705136	3650	24,667	0	PT
81.000		4000128151	3650	41,043	0	PT
81.000		400112928	3650	176,815	0	PT
81.000		4792600109	3650	(1,018)	0	PT
81.000		51419	3650	69,167	0	PT
81.000		6833311	3650	(4,743)	0	PT
81.000		6962257	3650	1,821	0	PT
81.000		7049758	3650	190,749	0	PT
81.000		7072054	3650	28,264	0	PT
81.000		7496200109	3650	4,266	0	PT
81.000		8446100110	3650	15,028	0	PT
81.000		DEAF6510WA45295	3650	225,813	0	
81.000		DEEM0002904	3650	142,413	0	
81.000		ER15820	3650	6,601	0	
81.000		ER20225	3650	184,412	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	GUAR41771961	3650	10,597	0	PT
81.000		GUAR41771993	3650	21,764	0	PT
81.000		GUAR56042034	3650	29,078	0	PT
81.000		M766_WSU002620	3650	20,146	0	PT
81.000		MIOEIPA003	3650	21,860	0	
81.000		OSE1018	3650	125,173	0	PT
81.000		OSE1145	3650	44,006	0	PT
81.000		RELEASE00020	3650	238,037	0	PT
81.000		RELEASE00022	3650	207,409	0	PT
81.000		RELEASE00023	3650	87,408	0	PT
81.000		SC0001815	3650	77,590	0	
81.000		WSU001294	3650	6,585	0	PT
81.000		WSU002135	3650	9,250	0	PT
81.000		WSU002572	3650	18	0	PT
81.000		WSU002634	3650	11,869	0	PT
81.000		XEA32324801	3650	13,069	0	PT
81.000		XFA11165201	3650	3,903	0	PT
81.000		XGB22220401	3650	42,225	0	PT
81.000		ZEA-4-42204-01	3650	24,047	0	PT
81.000		ZFT04064401	3650	103,104	0	PT
81.000		1994-043-00	3700	161,065	0	PT
81.000		2007-246-00 47330	3700	104,807	0	PT
81.000		2007-246-00 64984	3700	13,304	0	PT
81.000		200800700	3700	124,410	0	PT
81.000		201275	3800	25,540	0	PT
81.000		0201.12.033734	4610	23,468	0	PT
81.000		0201.13.039722	4610	76,190	0	PT
81.000		13-38	4770	43,724	0	PT
81.000		13-57	4770	142,050	0	PT
81.000		13-78	4770	575,616	0	PT
81.000		13-79	4770	19,085	0	PT
81.000		14-42	4770	286,840	0	PT
81.000		14-47	4770	72,415	0	PT
81.000		14-55	4770	24,344	0	PT
81.000		14-68	4770	10,976	0	PT
81.000		14-93	4770	314,786	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	14-94	4770	15,124	0	PT
81.000		14-97	4770	27,832	0	PT
81.000		14-98	4770	14,477	0	PT
81.000		324-12	4770	116,132	0	PT
81.000		391-13	4770	349,570	0	PT
81.000		52627	4770	83,072	0	
81.000		52646	4770	23,981	0	
81.000		54130	4770	21,481	0	
81.000		57037	4770	24,250	0	
81.000		57806	4770	6,118	0	
81.000		58664	4770	20,686	0	
81.000		58762	4770	54,100	0	
81.000		58777	4770	515,473	0	
81.000		59257	4770	22,039	0	
81.000		59275	4770	183,695	0	
81.000		59514	4770	77,021	0	
81.000		59759	4770	18,797	0	
81.000		59804	4770	119,926	0	
81.000		59891	4770	146,060	0	
81.000		59958	4770	303,957	0	
81.000		59964	4770	19,231	0	
81.000		60262	4770	72,570	0	
81.000		60411	4770	365,520	0	
81.000		60556	4770	139,983	0	
81.000		60621	4770	49,870	0	
81.000		60686	4770	35,347	0	
81.000		60884	4770	104,139	0	
81.000		61015	4770	742,474	0	
81.000		61260	4770	138,804	0	
81.000		61262	4770	186,839	0	
81.000		61268	4770	219,605	0	
81.000		61271	4770	90,072	0	
81.000		61347	4770	123,399	0	
81.000		61460	4770	216,266	0	
81.000		61480	4770	984,655	0	
81.000		61576	4770	207,693	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, 2014  
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**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	61639	4770	125,864	0	
81.000		61677	4770	357,510	0	
81.000		61734	4770	394,215	0	
81.000		61740	4770	492,165	0	
81.000		61956	4770	104,634	0	
81.000		62359	4770	159,171	0	
81.000		62516	4770	148,355	0	
81.000		62614	4770	58,335	0	
81.000		62792	4770	507,492	0	
81.000		63005	4770	155,281	0	
81.000		63046	4770	135,730	0	
81.000		63047	4770	212,029	0	
81.000		63220	4770	418,795	0	
81.000		63238	4770	168,441	0	
81.000		63377	4770	710,600	0	
81.000		63634	4770	36,822	0	
81.000		63648	4770	198,496	0	
81.000		63682	4770	45,414	0	
81.000		64003	4770	35,229	0	
81.000		64137	4770	81,841	0	
81.000		64298	4770	3,060	0	
81.000		64490	4770	103,627	0	
81.000		64520	4770	88,450	0	
81.000		64528	4770	99,739	0	
81.000		64562	4770	5,756	0	
81.000		64891	4770	94,798	0	
81.000		64892	4770	108,739	0	
81.000		64924	4770	65,579	0	
81.000		64941	4770	101,265	0	
81.000		64997	4770	6,942	0	
81.000		65187	4770	105,759	0	
81.000		65255	4770	30,273	0	
81.000		65288	4770	4,983	0	
81.000		65338	4770	35,682	0	
81.000		65408	4770	39,622	0	
81.000		65604	4770	145,314	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 Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	00058975	6990	70,734	0	
81.000		00060562	6990	147,603	0	
81.000		00064018	6990	20,138	0	
81.000		00065249	6990	29,508	0	
<b>Federal Program 81.000 Total</b>				<b>27,752,272</b>	<b>2,969,042</b>	
81.041	State Energy Program		1030	1,458,610	158,151	
81.041		CON00210	3650	(285)	0	PT
<b>Federal Program 81.041 Total</b>				<b>1,458,325</b>	<b>158,151</b>	
81.041A	ARRA - State Energy Program		1030	1,072,679	599,740	
<b>Federal Program 81.041A Total</b>				<b>1,072,679</b>	<b>599,740</b>	
81.042	Weatherization Assist - Low Inc		1030	3,069,654	2,808,584	
<b>Federal Program 81.042 Total</b>				<b>3,069,654</b>	<b>2,808,584</b>	
81.106	Transport of Transuranic Wastes to the Waste Isola	C130047FED-TWX2	2250	70,873	0	PT
<b>Federal Program 81.106 Total</b>				<b>70,873</b>	<b>0</b>	
81.112	Stewardship Science Grant Program		3600	559,303	0	
81.112			3650	5,143,702	0	
81.112		4_10469_23	3650	26,521	0	PT
<b>Federal Program 81.112 Total</b>				<b>5,729,526</b>	<b>0</b>	
81.117	Energy Efficiency and Renewable Energy Information		1030	537,680	307,832	
81.117			3650	415,657	0	
<b>Federal Program 81.117 Total</b>				<b>953,337</b>	<b>307,832</b>	
81.119	State Energy Program Special Projects		1030	365,990	2,192	
81.119		CON00205	3650	(5,041)	0	PT
<b>Federal Program 81.119 Total</b>				<b>360,949</b>	<b>2,192</b>	
81.121	Nuclear Energy Research, Development and Demonstra		3650	84,775	0	
81.121		224075	3650	36,445	0	PT
<b>Federal Program 81.121 Total</b>				<b>121,220</b>	<b>0</b>	
81.122	Electricity Delivery & Energy Research		2150	98,115	0	
81.122			3650	633,741	127,825	
81.122		06070036201402	3650	79,302	0	PT
81.122		11453	3650	6,501	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.122	Electricity Delivery & Energy Research	20100125103	3650	395,454	0	PT
81.122		A000211585	3650	(643)	0	PT
81.122		Professional Agreement	3750	34,377	0	PT
81.122			6990	280,730	0	
<b>Federal Program 81.122 Total</b>				<b>1,527,577</b>	<b>127,825</b>	
81.214	Environmental Monitoring/Cleanup Cultural Rsrc Mgt		3030	693,691	0	
<b>Federal Program 81.214 Total</b>				<b>693,691</b>	<b>0</b>	
81.999	Department of Energy - Undetermined		3600	105,454	0	
81.999		252858	3650	4,207	0	PT
<b>Federal Program 81.999 Total</b>				<b>109,661</b>	<b>0</b>	
<b>Dept of Energy Total</b>				<b>42,919,764</b>	<b>6,973,366</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.000	Education - Contract Number Only Provided	01016-L6031	3600	41,120	0	PT
84.000		H133A080035 AM02	3600	67,054	0	PT
84.000		UW BUD# 802241	3600	2,536	0	PT
<b>Federal Program 84.000 Total</b>				<b>110,710</b>	<b>0</b>	
84.002	Adult Education - Basic Grants to States		6990	9,063,880	6,611,605	
<b>Federal Program 84.002 Total</b>				<b>9,063,880</b>	<b>6,611,605</b>	
84.010	Title I Grants to Local Ed Agys		3500	205,144,880	198,295,589	
<b>Federal Program 84.010 Total</b>				<b>205,144,880</b>	<b>198,295,589</b>	
84.011	Migrant Education_state Grant Program		3500	14,648,523	9,534,787	
<b>Federal Program 84.011 Total</b>				<b>14,648,523</b>	<b>9,534,787</b>	
84.013	Title I Program for Neglected and Delinquent Child		3500	1,290,742	1,279,939	
<b>Federal Program 84.013 Total</b>				<b>1,290,742</b>	<b>1,279,939</b>	
84.015	National Resource Centers Program for Foreign Lang		3600	3,262,259	46,008	
<b>Federal Program 84.015 Total</b>				<b>3,262,259</b>	<b>46,008</b>	
84.016	Undergraduate International Studies and Foreign La		3650	6,447	0	
<b>Federal Program 84.016 Total</b>				<b>6,447</b>	<b>0</b>	
84.031	Higher Education_institutional Aid		6990	4,712,642	0	
<b>Federal Program 84.031 Total</b>				<b>4,712,642</b>	<b>0</b>	
84.048	Career and Technical Education -- Basic Grants To		3540	19,572,925	8,368,786	
<b>Federal Program 84.048 Total</b>				<b>19,572,925</b>	<b>8,368,786</b>	
84.101	Career and Technical Education - Indian Set-Aside	V101A010017-03A	6990	97,681	0	PT
<b>Federal Program 84.101 Total</b>				<b>97,681</b>	<b>0</b>	
84.116	Fund for the Improvement of Postsecondary Educatio		3600	20,617	1,560	
84.116			3760	150	0	
84.116			6990	162,399	0	
<b>Federal Program 84.116 Total</b>				<b>183,166</b>	<b>1,560</b>	
84.126	VocI Rehab Grants to State Basic		3000	44,239,290	0	
84.126			3150	10,322,909	0	
<b>Federal Program 84.126 Total</b>				<b>54,562,199</b>	<b>0</b>	
84.128	Rehabilitation Services_service Projects		3800	210,871	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 84.128 Total</b>				<b>210,871</b>	<b>0</b>	
84.129	Rehabilitation Long-Term Training		3600	77,859	0	
<b>Federal Program 84.129 Total</b>				<b>77,859</b>	<b>0</b>	
84.141	Migrant Education_high School Equivalency Program		3750	519,972	0	
84.141			6990	457,374	0	
<b>Federal Program 84.141 Total</b>				<b>977,346</b>	<b>0</b>	
84.144	Migrant Education_coordination Program		3500	71,807	0	
<b>Federal Program 84.144 Total</b>				<b>71,807</b>	<b>0</b>	
84.149	Migrant Education_college Assistance Migrant Progr		3600	398,525	0	
84.149			3650	394,953	0	
84.149			3750	446,342	0	
84.149			6990	937,806	0	
<b>Federal Program 84.149 Total</b>				<b>2,177,626</b>	<b>0</b>	
84.169	Independent Living - State Grants		3000	206,549	202,890	
84.169			3150	55,164	0	
<b>Federal Program 84.169 Total</b>				<b>261,713</b>	<b>202,890</b>	
84.170	Javits Fellowships		3600	6,568	0	
<b>Federal Program 84.170 Total</b>				<b>6,568</b>	<b>0</b>	
84.177	Independent Living Older Blind		3150	663,056	0	
<b>Federal Program 84.177 Total</b>				<b>663,056</b>	<b>0</b>	
84.181	Spec Ed-Grants for Infants & Families		3570	9,060,147	6,600,194	
<b>Federal Program 84.181 Total</b>				<b>9,060,147</b>	<b>6,600,194</b>	
84.187	Supported Employment Services for Individuals With		3000	440,180	0	
84.187			3150	46,570	0	
<b>Federal Program 84.187 Total</b>				<b>486,750</b>	<b>0</b>	
84.196	Ed for Homeless Children/Youth		3500	856,608	664,690	
<b>Federal Program 84.196 Total</b>				<b>856,608</b>	<b>664,690</b>	
84.200	Graduate Assistance In Areas of National Need		3600	570,107	0	
84.200			3650	100,256	0	
<b>Federal Program 84.200 Total</b>				<b>670,363</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.215	Fund for the Improvement of Education	9971200123	3650	2,067	0	PT
	<b>Federal Program 84.215 Total</b>			<b>2,067</b>	<b>0</b>	
84.224	Assistive Technology		3600	469,744	56,738	
	<b>Federal Program 84.224 Total</b>			<b>469,744</b>	<b>56,738</b>	
84.264	Rehabilitation Training_continuing Education		3600	1,089,954	0	
	<b>Federal Program 84.264 Total</b>			<b>1,089,954</b>	<b>0</b>	
84.265	Rehabilitation Training_state Vocational Rehabilit		3000	100,973	0	
84.265			3150	8,995	0	
	<b>Federal Program 84.265 Total</b>			<b>109,968</b>	<b>0</b>	
84.283	Comprehensive Centers	SOW002	3600	204,266	0	PT
84.283		UW BUD# 666459	3600	168,325	0	PT
	<b>Federal Program 84.283 Total</b>			<b>372,591</b>	<b>0</b>	
84.287	Twenty-First Century Community Learning Centers		3500	15,161,163	14,312,946	
	<b>Federal Program 84.287 Total</b>			<b>15,161,163</b>	<b>14,312,946</b>	
84.323	Special Education - State Personnel Development		3500	58,964	57,985	
	<b>Federal Program 84.323 Total</b>			<b>58,964</b>	<b>57,985</b>	
84.325	Special Education - Personnel Development to Impro		3600	1,422,407	35,842	
84.325		H325T110012-UOW AM02	3600	11,823	0	PT
	<b>Federal Program 84.325 Total</b>			<b>1,434,230</b>	<b>35,842</b>	
84.326	Special Education_technical Assistance and Dissemi		3500	162,288	162,288	
	<b>Federal Program 84.326 Total</b>			<b>162,288</b>	<b>162,288</b>	
84.327	Special Education_technology and Media Services Fo		3600	152,770	0	
	<b>Federal Program 84.327 Total</b>			<b>152,770</b>	<b>0</b>	
84.330	Advanced Placement Program (Advanced Placement Tes		3500	649,577	649,577	
	<b>Federal Program 84.330 Total</b>			<b>649,577</b>	<b>649,577</b>	
84.334	Gaining Early Awareness and Readiness for Undergra		3400	4,595,706	3,068,588	
84.334			3600	4,532,653	3,152,766	
84.334			3650	9,320,410	921,089	
84.334			3750	1,842,078	1,159,733	
84.334			3760	888,289	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.334	Gaining Early Awareness and Readiness for Undergra	061411-001	6990	15,548	0	PT
84.334		G685	6990	2,829	0	PT
<b>Federal Program 84.334 Total</b>				<b>21,197,513</b>	<b>8,302,176</b>	
84.335	Child Care Access Means Parents In School		3650	182,260	0	
84.335			6990	184,356	0	
<b>Federal Program 84.335 Total</b>				<b>366,616</b>	<b>0</b>	
84.358	Rural Education		3500	1,065,047	1,007,304	
<b>Federal Program 84.358 Total</b>				<b>1,065,047</b>	<b>1,007,304</b>	
84.360	School Dropout Prevention Program	UW BUD# 661130	3600	31,147	0	PT
<b>Federal Program 84.360 Total</b>				<b>31,147</b>	<b>0</b>	
84.365	English Language Acquisition State Grants		3500	16,771,113	15,835,922	
84.365			3600	381,856	0	
<b>Federal Program 84.365 Total</b>				<b>17,152,969</b>	<b>15,835,922</b>	
84.366	Mathematics and Science Partnerships		3500	2,414,747	2,087,446	
84.366		60036991 AM01	3600	48,853	0	PT
84.366		165527700422	3650	33,604	0	PT
84.366		700300044	3650	6,943	0	PT
84.366		700300056	3650	(7)	0	PT
84.366		7004000083	3650	9,715	0	PT
84.366		7004000096	3650	1,096	0	PT
84.366		700960035	3650	8,704	0	PT
<b>Federal Program 84.366 Total</b>				<b>2,523,655</b>	<b>2,087,446</b>	
84.367	Improving Teacher Quality State Grants		3400	977,928	290,382	
84.367			3500	38,127,524	37,090,514	
84.367		92-WA03SEED2012 AM01	3600	2,872	0	PT
84.367		92WA02SEED2012#1	3750	8,238	0	PT
84.367		92WA02SEED2012#2A	3750	6,689	0	PT
<b>Federal Program 84.367 Total</b>				<b>39,123,251</b>	<b>37,380,896</b>	
84.369	Grants for State Assessments and Related Activitie		3500	7,919,083	0	
<b>Federal Program 84.369 Total</b>				<b>7,919,083</b>	<b>0</b>	
84.375	Academic Competitiveness Grants		6990	(4,202)	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, 2014  
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**Federal Programs Not Clustered**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 84.375 Total</b>				<b>(4,202)</b>	<b>0</b>	
84.382	Strengthening Minority-Serving Institutions		6990	552,626	0	
<b>Federal Program 84.382 Total</b>				<b>552,626</b>	<b>0</b>	
84.395	ARRA - Sfsf - Race-To-The-Top		3500	73,537,790	0	
<b>Federal Program 84.395 Total</b>				<b>73,537,790</b>	<b>0</b>	
84.396	ARRA - Sfsf - What Works and Innovation Fund	A58405	3600	175,865	0	PT
84.396		BSD REF#10-0025	3600	126,733	0	PT
<b>Federal Program 84.396 Total</b>				<b>302,598</b>	<b>0</b>	
84.397	ARRA - Sfsf - Government Services		3800	19,353	0	
<b>Federal Program 84.397 Total</b>				<b>19,353</b>	<b>0</b>	
84.407	Transition Programs for Students W/Intellectual DI		6990	166,905	0	
<b>Federal Program 84.407 Total</b>				<b>166,905</b>	<b>0</b>	
84.411	Investing In Innocation (I3) Fund	1302036	3600	1,861	0	PT
<b>Federal Program 84.411 Total</b>				<b>1,861</b>	<b>0</b>	
84.412	Race to the Top - Early Learning Challenge		3570	12,786,688	6,730,326	
<b>Federal Program 84.412 Total</b>				<b>12,786,688</b>	<b>6,730,326</b>	
84.928	National Writing Project	92-WA03	3600	(11,767)	0	PT
84.928		92-WA03 AM34	3600	10,895	0	PT
<b>Federal Program 84.928 Total</b>				<b>(872)</b>	<b>0</b>	
84.999	Department of Education - Undetermined		3600	1,004	0	
<b>Federal Program 84.999 Total</b>				<b>1,004</b>	<b>0</b>	
<b>Dept of Education Total</b>				<b>524,583,116</b>	<b>318,225,494</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Archives & Records Admin**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
89.003	National Historical Publications and Records Grant		0850	3,054	0	
<b>Federal Program 89.003 Total</b>				<b>3,054</b>	<b>0</b>	
<b>National Archives &amp; Records Admin Total</b>				<b>3,054</b>	<b>0</b>	

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**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**

**Miscellaneous Commissions**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
90.401	Help America Vote Act Requirements Payments		0850	1,907,790	628,561	
<b>Federal Program 90.401 Total</b>				<b>1,907,790</b>	<b>628,561</b>	
<b>Miscellaneous Commissions Total</b>				<b>1,907,790</b>	<b>628,561</b>	

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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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.000	Hhs - Contract Number Only Provided	0000724839 AM02	3600	10,595	0	PT
93.000		0000764481	3600	45,088	0	PT
93.000		0000771001 AM01	3600	2,353	0	PT
93.000		000077392 AM01	3600	5,359	0	PT
93.000		0002 AM01	3600	33,210	0	PT
93.000		0003HHSD2002013M53943B	3600	7,179	0	PT
93.000		000419431-006 AMEND #8	3600	9,735	0	PT
93.000		000438814 TO2 SC001	3600	106,574	0	PT
93.000		000500918-T003-011	3600	9,897	0	PT
93.000		000501394-005	3600	7,858	0	PT
93.000		0024031-6 AM02	3600	104,496	0	PT
93.000		0024031-6 AMEND 01	3600	60,506	0	PT
93.000		0258-3615-4609 AM01	3600	51,915	0	PT
93.000		0585312	3600	1,751	0	PT
93.000		1003032-UW	3600	68,247	0	PT
93.000		1003605-UW	3600	96,894	0	PT
93.000		1003725-UW AM01	3600	55,080	0	PT
93.000		1003726-UW	3600	160,845	0	PT
93.000		1003915-UW	3600	19,145	0	PT
93.000		1003917-UW AM01	3600	48,713	0	PT
93.000		1004203-UW	3600	54,850	0	PT
93.000		10313800	3600	34,198	0	PT
93.000		10313800-003	3600	102,359	0	PT
93.000		105125001POSR00008086	3600	9,530	0	PT
93.000		1058829141TK1POSR00003	3600	4,973	0	PT
93.000		1058829153TK2POSR00003	3600	99,236	0	PT
93.000		1058829160TK7POSR00003	3600	14,911	0	PT
93.000		1058829162TK8POSR00003	3600	15,695	0	PT
93.000		10592SUB MOD03	3600	146,523	0	PT
93.000		10592SUB MOD04	3600	12,305	0	PT
93.000		106476AM03PR5U01HL1053	3600	26,009	0	PT
93.000		106476AM04PR5U01HL1053	3600	149,105	0	PT
93.000		10775SUB MOD01	3600	82,979	0	PT
93.000		10775SUBPRI2R01DE01822	3600	108,445	0	PT
93.000		108151	3600	40,347	0	PT
93.000		10IPA10194 MOD02	3600	(1,267)	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

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	110-450-4504 AM03	3600	15,547	0	PT
93.000		12-803000-007	3600	11,773	0	PT
93.000		12IPA1206730	3600	(16,436)	0	
93.000		13283-1052	3600	9,407	0	PT
93.000		13IPA1309453 - MOD.1	3600	23,830	0	
93.000		13IPA1311998	3600	49,837	0	
93.000		13IPA1311998 MOD01	3600	59,556	0	
93.000		14IPA1404851	3600	3,078	0	
93.000		14IPA1405479	3600	23,605	0	
93.000		14IPA1416999	3600	11,987	0	
93.000		16013-2, 5C	3600	13,279	0	PT
93.000		1R43AA02132801AM02	3600	10,594	0	PT
93.000		200-2011-42026	3600	46,789	0	
93.000		200-2011-42026 MOD03	3600	184,286	0	
93.000		200-2012-M-53691 AM02	3600	16,936	0	
93.000		200-2013-M-56685	3600	105,355	0	
93.000		2008113462	3600	1,375	0	PT
93.000		2008113462 MD1	3600	39,231	0	PT
93.000		2008113462 MOD07	3600	21,093	0	PT
93.000		2012-630	3600	44,656	0	PT
93.000		209YAN147 AM02	3600	(19,842)	0	PT
93.000		254-2012-M-53313 AM01	3600	14,566	3,994	
93.000		416105-G	3600	252,243	0	PT
93.000		5 R01 CA 136569-04 REV	3600	229,852	60,000	
93.000		60028536 UW A03	3600	1,520	0	PT
93.000		60028536UW, AM02	3600	1,652	0	PT
93.000		6049.03-S04	3600	78,501	0	PT
93.000		6119-1117-00-AM MOD03	3600	2,888	0	PT
93.000		6119-1117-00-AM MOD04	3600	8,899	0	PT
93.000		6216SC AM04	3600	(10,429)	0	PT
93.000		7008SC AM01	3600	86,852	0	PT
93.000		7412SC	3600	97,016	0	PT
93.000		7412SC AM01	3600	131,431	0	PT
93.000		7500119580HHSS28320120	3600	8,599	0	PT
93.000		8846.02-S04	3600	10,200	0	PT
93.000		A53171 AM03	3600	2,826	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.000	Hhs - Contract Number Only Provided	A83492	3600	4,335	0	PT
93.000		AM02	3600	57,586	0	PT
93.000		AM02PRIME1R43TR0004720	3600	19,306	0	PT
93.000		AM04PRIME5R01AG0306180	3600	267	0	PT
93.000		AM05PRIME5R01AG0306180	3600	37,463	0	PT
93.000		C3085101 AM01	3600	429,664	0	PT
93.000		CAN: 8381451	3600	9,092	0	
93.000		CC FORM SUB UW#1 MOD08	3600	523,318	0	PT
93.000		CONTRACT #A53625 S01	3600	(1)	0	PT
93.000		CRB-SSS-S-12-002893	3600	880	0	PT
93.000		CRBUCLA1S1000052MOD01	3600	(205)	0	PT
93.000		DHH.1542-01-06611-CRT	3600	19,720	0	PT
93.000		FY11284002FY13284002AM	3600	24,409	0	PT
93.000		FY13.1095.A55946	3600	(1)	0	PT
93.000		HHS A290201000025L AM01	3600	74,522	0	PT
93.000		HHSN266200600006CMOD11	3600	(55,881)	0	
93.000		HHSN266200600006CMOD12	3600	979,444	0	
93.000		HHSN266200700013CMOD06	3600	2,166,648	314,037	
93.000		HHSN268200536173CMOD10	3600	(9,185)	0	
93.000		HHSN268200536173CMOD16	3600	(19,457)	0	
93.000		HHSN268200536173CMOD19	3600	70,515	20,376	
93.000		HHSN268200536173CMOD21	3600	49,483	0	
93.000		HHSN268200736195CMOD08	3600	12,118	0	
93.000		HHSN268200736195CMOD09	3600	59,829	0	
93.000		HHSN268200800020C	3600	17,668	0	PT
93.000		HHSN268201100037C AM05	3600	3,430,348	0	
93.000		HHSN268201100037C AM06	3600	38,572	0	
93.000		HHSN268201200036C MOD4	3600	411,809	136,178	
93.000		HHSN268201200036CMOD06	3600	322,528	0	
93.000		HHSN268201300005C AM02	3600	320,996	0	
93.000		HHSN268201300005CMOD03	3600	900,643	0	
93.000		HHSN268201300071C (E)	3600	34,150	0	PT
93.000		HHSN268201300071CPH24A	3600	17,439	0	PT
93.000		HHSN271201100645P AM01	3600	2,931	0	
93.000		HHSN271201200014C AM01	3600	3	0	PT
93.000		HHSN271201200663P	3600	84,135	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.000	Hhs - Contract Number Only Provided	HHSN271201300463P	3600	8,028	0	
93.000		HHSN272200800060CMOD10	3600	2,397,789	1,745,369	
93.000		HHSN272200900035CMOD06	3600	2,937,455	1,833,331	
93.000		HHSN272201000024CMOD02	3600	1,154,149	264,877	
93.000		HHSN272201300010CMOD01	3600	270,800	0	
93.000		HHSN272201300010CMOD02	3600	2,386,781	0	
93.000		HHSN272201300023C	3600	757,876	523,862	
93.000		HHSN272201400016C	3600	70,178	0	
93.000		HHSN275200403370I AM02	3600	9,764	0	
93.000		HHSN275200403370I AM04	3600	300,320	0	
93.000		HHSN275200800015CMOD11	3600	1,248,940	154,267	
93.000		HHSN2752013000251MOD01	3600	42,423	0	
93.000		HHSN275201300025I	3600	101,640	0	
93.000		HHSN276201100008C AM05	3600	654,600	0	
93.000		HHSN276201100008C AM09	3600	4,014	0	
93.000		HHSN276201100008CMOD00	3600	1,134,700	23,847	
93.000		HHSN276201100008CMOD07	3600	11,317	0	
93.000		HHSS2832012000111	3600	31,257	0	PT
93.000		IPA1303027	3600	30,539	0	
93.000		ITN10212-00SC AM02	3600	(46,544)	0	PT
93.000		N001257301A AM02	3600	950	0	PT
93.000		N003448801 AM01	3600	17,442	0	PT
93.000		N01 HC 95159-34 MOD38	3600	179,853	36,770	
93.000		N01-HC-95159 MOD35	3600	114,486	0	
93.000		N01-HC-95159 MOD38	3600	1,288,866	29,455	
93.000		N01-HC-95159MOD34	3600	559,683	82,296	
93.000		N01CN201200013C3092101	3600	151	0	
93.000		NIH131107261SUBAMEND5	3600	974	0	PT
93.000		P002081501 AM03	3600	38,925	0	PT
93.000		P50CA097186	3600	484	0	PT
93.000		PJ 8079 TO02 AM02	3600	50,118	0	PT
93.000		PO#2001739762 MOD01	3600	22,402	0	PT
93.000		PO#323870 AM01	3600	338,237	0	PT
93.000		PO-414574 AM02	3600	87,243	0	PT
93.000		PR1R34TR00047101AM01	3600	18,463	0	PT
93.000		RES508088 MOD07	3600	87,033	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.000	Hhs - Contract Number Only Provided	SA13007PO0001605MOD01	3600	27,804	0	PT
93.000		SA1300948	3600	(97)	0	PT
93.000		SA1401034	3600	10,350	0	PT
93.000		SA1401037	3600	13,800	0	PT
93.000		SC-12-020 MOD001	3600	47,961	0	PT
93.000		SPS162060SITE070AM2	3600	11,994	0	PT
93.000		SR00002272 AM01	3600	1,396	0	PT
93.000		SUB #00993-02731.003	3600	4,838	0	PT
93.000		TO 1070.001 MOD01	3600	55,141	0	PT
93.000		TO6312021276851730L	3600	92,058	0	PT
93.000		UW BUD# 660119	3600	23,393	0	PT
93.000		UW BUD# 660447	3600	105,360	0	PT
93.000		UW BUD# 660839	3600	16,513	0	PT
93.000		UW BUD# 662077	3600	40,033	0	PT
93.000		UW BUD# 662478	3600	20,905	0	PT
93.000		UW BUD# 664815	3600	63,093	0	PT
93.000		UW BUD# 665480	3600	37,138	0	PT
93.000		UW BUD# 665529	3600	36,671	0	PT
93.000		UW BUD# 666693	3600	24,165	0	PT
93.000		UW BUD# 668661	3600	37,942	0	PT
93.000		UW BUD# 674725	3600	170,019	0	PT
93.000		UW BUD# 800398	3600	(6,413)	0	PT
93.000		UW BUD# 800464	3600	8,393	0	PT
93.000		UW-04-4568	3600	17,510	0	PT
93.000		UW167972-01	3600	8,579	0	PT
93.000		UWNMR-13595-1	3600	42,178	0	PT
93.000		UWNMR-13596-2	3600	91,668	0	PT
93.000		UWPPG-13595-1	3600	137,053	0	PT
93.000		UWPPG-13596-2	3600	901,039	0	PT
93.000		WUHS 30225 AM02	3600	182,348	0	PT
93.000		WUHS 30225 AM03	3600	341,179	0	PT
93.000		WUHS 33000 AM04	3600	247,607	0	PT
93.000		WUHS 33000 AM05	3600	(9,743)	0	PT
93.000		WUHS 33000 AM06	3600	57,033	0	PT
93.000		WUHS 33000 AM09	3600	18,753	0	PT
93.000		WUHS 33000 AM11	3600	369,922	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 Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.000	Hhs - Contract Number Only Provided	WUHS 33000 AM12	3600	426,270	0	PT
93.000		WUHS GTS 35888 AM07	3600	10,019	0	PT
93.000		WUHS33000SULLIVANAM04	3600	16,436	0	PT
93.000		118171	3650	14,268	0	PT
93.000		200201139650	3650	100,596	13,332	
93.000		2421310421000	3650	20,980	0	PT
93.000		3552	3650	22,440	0	PT
93.000		46181	3650	35,816	0	PT
93.000		GUAR24280300	3650	37,356	0	PT
93.000		GUAR41291258	3650	3,475	0	PT
93.000		GUAR57502027	3650	4,812	0	
93.000		UCHC637191497	3650	19,232	0	PT
93.000		WSU002312	3650	258	0	PT
93.000		WSU002568	3650	1,442	0	PT
<b>Federal Program 93.000 Total</b>				<b>33,685,600</b>	<b>5,241,991</b>	
93.000A	ARRA - Hhs - Contract Number Only Provided	140005	3600	109,153	0	PT
<b>Federal Program 93.000A Total</b>				<b>109,153</b>	<b>0</b>	
93.007	Public Awareness Campaigns on Embryo Adoption	5001537-19	3600	11,660	0	PT
<b>Federal Program 93.007 Total</b>				<b>11,660</b>	<b>0</b>	
93.041	Special Programs for the Aging_title Vii, Chapter		3000	108,571	93,122	
<b>Federal Program 93.041 Total</b>				<b>108,571</b>	<b>93,122</b>	
93.042	Special Programs for the Aging_title Vii, Chapter		3000	317,856	0	
<b>Federal Program 93.042 Total</b>				<b>317,856</b>	<b>0</b>	
93.043	Special Programs for the Aging_title Iii, Part D_d		3000	387,637	387,637	
<b>Federal Program 93.043 Total</b>				<b>387,637</b>	<b>387,637</b>	
93.048	Spc Prog Aging Title Iv & II Disc Proj		1600	208,759	0	
93.048			3000	94,522	92,002	
<b>Federal Program 93.048 Total</b>				<b>303,281</b>	<b>92,002</b>	
93.051	Alzheimer's Disease Demonstration Grants to States		3000	91,447	91,361	
93.051		144448	3600	3,061	0	PT
<b>Federal Program 93.051 Total</b>				<b>94,508</b>	<b>91,361</b>	
93.052	National Family Caregiver Support, Title Iii, Part		3000	3,028,990	2,913,300	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 93.052 Total</b>				<b>3,028,990</b>	<b>2,913,300</b>	
93.067	Global AIDS		3600	14,753,302	6,395,775	
93.067		001-3 MOD01	3600	31,001	0	PT
93.067		001-3 MOD02	3600	56,113	0	PT
93.067		001-4 AM01	3600	182,545	0	PT
93.067		0014PR5UGPS00204704	3600	171,994	0	PT
93.067		002-3 MOD01	3600	123,118	0	PT
93.067		002-4	3600	66,383	0	PT
93.067		002-4 AM001	3600	189,133	0	PT
93.067		003-3 MOD02	3600	120,074	0	PT
93.067		003-4	3600	34,975	0	PT
93.067		003-4 AM002	3600	124,601	0	PT
93.067		004-3	3600	2,732	0	PT
93.067		005-4 AM01	3600	60,621	0	PT
93.067		2312021273651505LMOD06	3600	22,928	0	PT
93.067		564004225011301AM02	3600	7,818	0	PT
93.067		6293SC AM06	3600	290,447	0	PT
93.067		6293SC AM08	3600	381,184	0	PT
93.067		6601SCAM01DPA628015295	3600	70,153	0	PT
93.067		6601SCAM05DPA628015295	3600	84,498	0	PT
93.067		7344SC	3600	25,767	0	PT
93.067		7352SC AM01	3600	32,203	0	PT
93.067		7865SC	3600	28,991	0	PT
93.067		7873SC AM01	3600	129,184	0	PT
93.067		7877SCPR5U2GPS00282904	3600	115,436	0	PT
93.067		7962SC AM01	3600	236,635	0	PT
93.067		ITECH 12# 1.0	3600	(42,417)	0	PT
93.067		UONUWCDC5U2GPS00118305	3600	121,556	0	PT
93.067		UW BUD# 665364	3600	1,586	0	PT
93.067		UW BUD# 673162	3600	8,083	0	PT
<b>Federal Program 93.067 Total</b>				<b>17,430,644</b>	<b>6,395,775</b>	
93.069	Public Health Emergency Preparedness		3030	11,781,326	6,783,138	
93.069		N19599	3030	640	0	PT
93.069			3600	403,357	0	
93.069		PREP3563	3650	5,000	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 93.069 Total</b>				<b>12,190,323</b>	<b>6,783,138</b>	
93.070	Environmental Public Health and Emergency Response		3030	1,958,981	435,021	
<b>Federal Program 93.070 Total</b>				<b>1,958,981</b>	<b>435,021</b>	
93.071	Medicare Enrollment Assistance Program		3000	110,710	80,710	
<b>Federal Program 93.071 Total</b>				<b>110,710</b>	<b>80,710</b>	
93.072	Lifespan Respite Care Program		3000	87,463	4,567	
<b>Federal Program 93.072 Total</b>				<b>87,463</b>	<b>4,567</b>	
93.074	Hosp. Prep. Prog. (Hpp) & Public Health Emer Prep.	PH-002436	3600	19,183	0	PT
93.074		PH-002436 AM02	3600	99,727	0	PT
<b>Federal Program 93.074 Total</b>				<b>118,910</b>	<b>0</b>	
93.077	Family Smoking Preventn & Tobacco Cont Reg Resrch		3600	2,876,373	305,307	
<b>Federal Program 93.077 Total</b>				<b>2,876,373</b>	<b>305,307</b>	
93.077	Family Smoking Preventn & Tobacco Cont Reg Resrch	FY13198901	3600	398,509	0	PT
<b>Federal Program 93.077 Total</b>				<b>398,509</b>	<b>0</b>	
93.079	Cooperative Agreements to Promote Adolescent Healt		3500	191,881	3,504	
<b>Federal Program 93.079 Total</b>				<b>191,881</b>	<b>3,504</b>	
93.082	Sodium Reduction In Communities		3030	162,876	104,275	
<b>Federal Program 93.082 Total</b>				<b>162,876</b>	<b>104,275</b>	
93.088	Advancing System Improvements to Support Targets F	OWH-CHC 2012-2013 AM02	3600	5,613	0	PT
<b>Federal Program 93.088 Total</b>				<b>5,613</b>	<b>0</b>	
93.090	Guardianship Assistance		3000	131,504	0	
<b>Federal Program 93.090 Total</b>				<b>131,504</b>	<b>0</b>	
93.092	Affordable Care Act Personal Resp. Ed Program		3030	1,205,867	933,617	
<b>Federal Program 93.092 Total</b>				<b>1,205,867</b>	<b>933,617</b>	
93.093	Affordable Care Act Health Profession Opportunity	12/679-HHS	2350	63,163	0	PT
93.093			6990	1,815,208	0	
93.093		12/674-HHS	6990	104,635	0	PT
93.093		13-682-HHS	6990	181,402	0	PT
93.093		HPOGV2,MOU#40 830	6990	73,709	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 93.093 Total</b>				<b>2,238,117</b>	<b>0</b>	
93.104	Comprehensive Community Mental Health Services For		3000	44,524	0	
<b>Federal Program 93.104 Total</b>				<b>44,524</b>	<b>0</b>	
93.107	Model State-Supported Area Health Education Center		3600	310,430	206,897	
<b>Federal Program 93.107 Total</b>				<b>310,430</b>	<b>206,897</b>	
93.110	Maternal and Child Health Federal Consolidated Pro		3030	513,107	127,886	
93.110			3600	2,011,467	225,344	
93.110		1920 G KB359 AM06	3600	54	0	PT
93.110		1920 G RA028 AM01	3600	13,041	0	PT
93.110		P0424035B AM003	3600	21,099	0	PT
<b>Federal Program 93.110 Total</b>				<b>2,558,768</b>	<b>353,230</b>	
93.116	Project Grants and Cooperative Agreements for Tube		3030	1,279,925	688,455	
<b>Federal Program 93.116 Total</b>				<b>1,279,925</b>	<b>688,455</b>	
93.127	Emergency Medical Services for Children		3030	135,846	50,167	
<b>Federal Program 93.127 Total</b>				<b>135,846</b>	<b>50,167</b>	
93.130	Cooperative Agreements to States/Territories for T		3030	221,830	47,500	
<b>Federal Program 93.130 Total</b>				<b>221,830</b>	<b>47,500</b>	
93.136	Injury Prevention and Control Research and State A		3030	1,262,821	57,950	
<b>Federal Program 93.136 Total</b>				<b>1,262,821</b>	<b>57,950</b>	
93.142	Niehs Hazardous Waste Worker Health and Safety Tra	2105 G HB431 AM05	3600	52,293	0	PT
93.142		2105 G NA299 AM02	3600	3,294	0	PT
93.142		2105 G NA299 AM03	3600	284,776	0	PT
93.142		2105 G NA299, AM02	3600	19,326	0	PT
93.142		UW BUD# 674319	3600	2,980	0	PT
<b>Federal Program 93.142 Total</b>				<b>362,669</b>	<b>0</b>	
93.145	AIDS Education and Training Centers		3600	2,501,745	1,051,505	
93.145		A87907	3600	18,189	0	PT
93.145		UW BUD# 674365	3600	(542)	0	PT
93.145		UW BUD# 674604	3600	14,030	0	PT
<b>Federal Program 93.145 Total</b>				<b>2,533,422</b>	<b>1,051,505</b>	
93.150	Projects for Assistance In Transition From Homeles		3000	1,307,298	777,893	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 93.150 Total</b>				<b>1,307,298</b>	<b>777,893</b>	
93.153	Coordinated Services and Access to Research for Wo		3030	704,992	175,912	
<b>Federal Program 93.153 Total</b>				<b>704,992</b>	<b>175,912</b>	
93.165	Grants to States for Loan Repayment Program		3400	505,539	505,539	
<b>Federal Program 93.165 Total</b>				<b>505,539</b>	<b>505,539</b>	
93.178	Nursing Workforce Diversity		3650	306,021	0	
<b>Federal Program 93.178 Total</b>				<b>306,021</b>	<b>0</b>	
93.191	Allied Health Special Projects		3600	123,243	416	
<b>Federal Program 93.191 Total</b>				<b>123,243</b>	<b>416</b>	
93.211	Telehealth Network Grants		3600	223,558	0	
<b>Federal Program 93.211 Total</b>				<b>223,558</b>	<b>0</b>	
93.217	Family Planning_services		3030	3,545,377	3,022,789	
<b>Federal Program 93.217 Total</b>				<b>3,545,377</b>	<b>3,022,789</b>	
93.223	Development and Coordination of Rural Health Servi	1UA9RH260270100AM01	3600	27,827	0	PT
<b>Federal Program 93.223 Total</b>				<b>27,827</b>	<b>0</b>	
93.231	Epidemiology Cooperative Agreements	NWIC2421310422000MOD04	3600	4,653	0	PT
<b>Federal Program 93.231 Total</b>				<b>4,653</b>	<b>0</b>	
93.236	Grants for Dental Public Health Residency Training		3030	68,335	54,814	
93.236		14-07501-690	3600	86,568	0	PT
<b>Federal Program 93.236 Total</b>				<b>154,903</b>	<b>54,814</b>	
93.240	State Capacity Building		3030	528,314	0	
<b>Federal Program 93.240 Total</b>				<b>528,314</b>	<b>0</b>	
93.241	State Rural Hospital Flexibility Program		3030	557,067	373,403	
<b>Federal Program 93.241 Total</b>				<b>557,067</b>	<b>373,403</b>	
93.243	Substance Abuse and Mental Health Services_project		3000	4,938,299	1,929,732	
93.243			3030	543,181	336,094	
93.243			3600	487,378	230,420	
93.243		1002661_ADAI	3600	11,495	0	PT
93.243		5 U79 SM 060393 AM03	3600	64,020	0	PT
93.243		5U79SM060393-02 AM02	3600	5,454	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.243	Substance Abuse and Mental Health Services_project	AMENDMENT # A1	3600	20,772	0	PT
93.243		T03342T AM03	3600	24,444	0	PT
93.243		T03353T	3600	(229)	0	PT
93.243		T03353T/518361AM1	3600	31,833	0	PT
93.243		T03353T/518361AM2	3600	11,709	0	PT
93.243			3650	260,352	58,364	
93.243		130286	3650	27,390	0	PT
93.243		2013A14	3650	9,637	0	PT
93.243		UCHC645265015	3650	32,153	0	PT
93.243		WSU002569	3650	45,044	0	PT
93.243			3800	56,429	0	
<b>Federal Program 93.243 Total</b>				<b>6,569,361</b>	<b>2,554,610</b>	
93.247	Advanced Education Nursing Grant Program		3600	1,691,218	72,864	
93.247			3650	258,453	294	
<b>Federal Program 93.247 Total</b>				<b>1,949,671</b>	<b>73,158</b>	
93.250	Geriatric Academic Career Awards		3600	83,017	0	
<b>Federal Program 93.250 Total</b>				<b>83,017</b>	<b>0</b>	
93.251	Universal Newborn Hearing Screening		3030	285,861	78,155	
<b>Federal Program 93.251 Total</b>				<b>285,861</b>	<b>78,155</b>	
93.262	Occupational Safety and Health Program	143405505	2350	30,282	0	PT
93.262		62755sc	2350	49,378	0	PT
<b>Federal Program 93.262 Total</b>				<b>79,660</b>	<b>0</b>	
93.265	Comprehensive Geriatric Education Program(Cgep)		3600	270,878	0	
<b>Federal Program 93.265 Total</b>				<b>270,878</b>	<b>0</b>	
93.266	Health Systems Strengthening and HIV/AIDS Preventi		3600	49,381,269	4,992,521	
<b>Federal Program 93.266 Total</b>				<b>49,381,269</b>	<b>4,992,521</b>	
93.268	Immunization Cooperative Agreements		3030	7,621,595	3,255,844	
93.268			3030	80,402,854	0	NC
<b>Federal Program 93.268 Total</b>				<b>88,024,449</b>	<b>3,255,844</b>	
93.270	Adult Viral Hepatitis Prevention and Control		3030	380,950	168,953	
<b>Federal Program 93.270 Total</b>				<b>380,950</b>	<b>168,953</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.275	Substance Abuse and Mental Health Services-Access		3000	3,298,918	2,997,762	
	<b>Federal Program 93.275 Total</b>			<b>3,298,918</b>	<b>2,997,762</b>	
93.276	Drug-Free Communities Support Program Grants	MOU	3750	1,388	0	PT
	<b>Federal Program 93.276 Total</b>			<b>1,388</b>	<b>0</b>	
93.283	Centers for Disease Control and Prevention_investi		3030	11,425,445	5,929,612	
	<b>Federal Program 93.283 Total</b>			<b>11,425,445</b>	<b>5,929,612</b>	
93.292	National Public Health Improvement Initiative		3030	244,299	131,391	
	<b>Federal Program 93.292 Total</b>			<b>244,299</b>	<b>131,391</b>	
93.296	State Partnership Grant Program to Improve Minorit		3030	149,539	0	
	<b>Federal Program 93.296 Total</b>			<b>149,539</b>	<b>0</b>	
93.301	Small Rural Hospital Improvement Grant Program		3030	401,398	326,173	
93.301		0000750946 AM02	3600	25,505	0	PT
	<b>Federal Program 93.301 Total</b>			<b>426,903</b>	<b>326,173</b>	
93.324	State Health Insurance Assistance Program		1600	110,413	0	
	<b>Federal Program 93.324 Total</b>			<b>110,413</b>	<b>0</b>	
93.359	Nurse Education, Practice and Retention Grants		3600	785,465	6,107	
93.359		E4915 491423 AM	3600	9,114	0	PT
	<b>Federal Program 93.359 Total</b>			<b>794,579</b>	<b>6,107</b>	
93.414	ARRA - State Primary Care Offices		3030	78,924	13,333	
	<b>Federal Program 93.414 Total</b>			<b>78,924</b>	<b>13,333</b>	
93.441	Indian Self-Determination	C13-24 AM02	3600	63,300	0	PT
	<b>Federal Program 93.441 Total</b>			<b>63,300</b>	<b>0</b>	
93.448	Food Safety and Security Monitoring Project		3030	267,120	0	
93.448			4950	251,928	0	
	<b>Federal Program 93.448 Total</b>			<b>519,048</b>	<b>0</b>	
93.449	Ruminant Feed Ban Support Project		4950	196,471	0	
	<b>Federal Program 93.449 Total</b>			<b>196,471</b>	<b>0</b>	
93.500	Pregnancy Assistance Fund Program		3030	1,413,173	583,883	
	<b>Federal Program 93.500 Total</b>			<b>1,413,173</b>	<b>583,883</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.505	Afford Care Act Maternal/Infant/Early Chdhood Visi		3570	7,479,136	6,405,498	
	<b>Federal Program 93.505 Total</b>			<b>7,479,136</b>	<b>6,405,498</b>	
93.507	Strengthen Public Health Infrastruct for Imp Healt		3030	185,956	106,581	
93.507		143209	3600	10,544	0	PT
	<b>Federal Program 93.507 Total</b>			<b>196,500</b>	<b>106,581</b>	
93.511	Affordable Care Act Grants to States Health Prem R		1050	298,573	0	
	<b>Federal Program 93.511 Total</b>			<b>298,573</b>	<b>0</b>	
93.514	Affordable Care Act - Expan of Physican Assts Trng		3600	435,624	0	
	<b>Federal Program 93.514 Total</b>			<b>435,624</b>	<b>0</b>	
93.516	Affordable Care Act - Public Health Train CTR Prg		3600	435,499	0	
	<b>Federal Program 93.516 Total</b>			<b>435,499</b>	<b>0</b>	
93.517	Affordable Care Act Aging & Disability Rsrc Center		3000	605,611	280,678	
	<b>Federal Program 93.517 Total</b>			<b>605,611</b>	<b>280,678</b>	
93.521	Afford Care Act IS Elc & EIP Agreements		3030	1,003,937	0	
	<b>Federal Program 93.521 Total</b>			<b>1,003,937</b>	<b>0</b>	
93.531	Pphf 2012: Community Transformation Grants & Natl		3030	3,342,027	2,069,781	
	<b>Federal Program 93.531 Total</b>			<b>3,342,027</b>	<b>2,069,781</b>	
93.537	Affordable Care Act Medical Emerg Pyschiatric Demo		3000	913,443	0	
	<b>Federal Program 93.537 Total</b>			<b>913,443</b>	<b>0</b>	
93.538	Affordable Care Act - National Environ Pub Health		3030	1,088,583	0	
	<b>Federal Program 93.538 Total</b>			<b>1,088,583</b>	<b>0</b>	
93.539	Pphf 2012: Prevention & Public Health Fund - Aca		3030	1,188,865	590,658	
	<b>Federal Program 93.539 Total</b>			<b>1,188,865</b>	<b>590,658</b>	
93.544	Patient Protection and Affordable Care Act of 2010		3030	356,372	38,255	
	<b>Federal Program 93.544 Total</b>			<b>356,372</b>	<b>38,255</b>	
93.548	Pphf 2012: Nutrition, Physical Activity & Obesity		3030	706,357	471,333	
	<b>Federal Program 93.548 Total</b>			<b>706,357</b>	<b>471,333</b>	
93.556	Promoting Safe and Stable Families		3000	6,805,890	0	
93.556		1C087200 Amend #3	3700	14,400	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 93.556 Total</b>				<b>6,820,290</b>	<b>0</b>	
93.563	Child Support Enforcement		3000	91,650,407	27,897,819	
<b>Federal Program 93.563 Total</b>				<b>91,650,407</b>	<b>27,897,819</b>	
93.566	Refugee and Entrant Assistance_state Administered		1070	2,545,297	0	
93.566			3000	9,068,827	0	
<b>Federal Program 93.566 Total</b>				<b>11,614,124</b>	<b>0</b>	
93.568	Low-Income Home Energy Assistance		1030	53,136,332	50,621,565	
<b>Federal Program 93.568 Total</b>				<b>53,136,332</b>	<b>50,621,565</b>	
93.569	Community Services Block Grant		1030	7,681,782	7,206,490	
<b>Federal Program 93.569 Total</b>				<b>7,681,782</b>	<b>7,206,490</b>	
93.576	Refugee and Entrant Assistance_discretionary Grant		3000	1,276,149	1,269,399	
<b>Federal Program 93.576 Total</b>				<b>1,276,149</b>	<b>1,269,399</b>	
93.579	U.S. Repatriation		3000	85	0	
<b>Federal Program 93.579 Total</b>				<b>85</b>	<b>0</b>	
93.584	Refugee and Entrant Assistance_targeted Assistance		3000	1,683,255	0	
<b>Federal Program 93.584 Total</b>				<b>1,683,255</b>	<b>0</b>	
93.586	State Court Improvement Program		0550	631,063	0	
93.586		1027686	3650	1,696	0	PT
<b>Federal Program 93.586 Total</b>				<b>632,759</b>	<b>0</b>	
93.590	Community-Based Child Abuse Prevention Grants		3000	380,160	27,011	
93.590			3570	641,901	206,185	
<b>Federal Program 93.590 Total</b>				<b>1,022,061</b>	<b>233,196</b>	
93.597	Grants to States for Access and Visitation Program		3000	191,589	187,395	
<b>Federal Program 93.597 Total</b>				<b>191,589</b>	<b>187,395</b>	
93.599	Chafee Education and Training Vouchers Program		3000	718,757	0	
<b>Federal Program 93.599 Total</b>				<b>718,757</b>	<b>0</b>	
93.600	Head Start		3570	193,404	24,597	
93.600			3600	10,528,208	4,175,527	
93.600			3700	1,781,277	34,805	
93.600			6990	20,045,194	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.600	Head Start	1213 Headstart	6990	32,295	0	PT
93.600		1314 Headstart	6990	59,404	0	PT
93.600		145-161-1N46	6990	160,258	0	PT
93.600		145-161-1N47	6990	(945)	0	PT
93.600		145-161-1N48	6990	36,997	0	PT
93.600		1550	6990	177,002	0	PT
93.600		LOA#7874	6990	117,771	0	PT
93.600		LOA#8372	6990	100,838	0	PT
93.600		LOA#8373	6990	91,511	0	PT
<b>Federal Program 93.600 Total</b>				<b>33,323,214</b>	<b>4,234,929</b>	
93.603	Adoption Incentive Payments		3000	1,876,000	0	
<b>Federal Program 93.603 Total</b>				<b>1,876,000</b>	<b>0</b>	
93.605	Family Connection Grants	UW BUD# 660827	3600	52,903	0	PT
93.605		UW BUD# 665722	3600	16,887	0	PT
<b>Federal Program 93.605 Total</b>				<b>69,790</b>	<b>0</b>	
93.609	Medicaid Adult Quality Grants		3000	963,473	0	
<b>Federal Program 93.609 Total</b>				<b>963,473</b>	<b>0</b>	
93.617	Voting Access for Individuals With Disabilities _gr		0850	4,150	4,150	
<b>Federal Program 93.617 Total</b>				<b>4,150</b>	<b>4,150</b>	
93.624	Aca - State Innov. Models: Funding for Design & Te		1070	671,910	0	
93.624		1003080601PO0000161913	3600	16,311	0	PT
93.624		UW BUD# 660911	3600	24,888	0	PT
<b>Federal Program 93.624 Total</b>				<b>713,109</b>	<b>0</b>	
93.626	Affordable Care Act Ship and Adrc Counseling		3000	18,619	0	
<b>Federal Program 93.626 Total</b>				<b>18,619</b>	<b>0</b>	
93.628	Affordable Care Act Implementn Support ST Demo Int		3000	1,013,793	112,460	
<b>Federal Program 93.628 Total</b>				<b>1,013,793</b>	<b>112,460</b>	
93.630	Developmental Disabilities Basic Support and Advoc		1030	1,152,241	284,511	
<b>Federal Program 93.630 Total</b>				<b>1,152,241</b>	<b>284,511</b>	
93.632	University Centers for Excellence In Developmental		3600	534,718	0	
<b>Federal Program 93.632 Total</b>				<b>534,718</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.643	Children's Justice Grants to States		3000	522,679	0	
<b>Federal Program 93.643 Total</b>				<b>522,679</b>	<b>0</b>	
93.645	Child Welfare Services_state Grants		3000	5,266,737	0	
93.645		1C096100	3700	121,336	0	PT
<b>Federal Program 93.645 Total</b>				<b>5,388,073</b>	<b>0</b>	
93.648	Child Welfare Services Training Grants	105934-001	3600	52,739	0	PT
<b>Federal Program 93.648 Total</b>				<b>52,739</b>	<b>0</b>	
93.652	Adoption Opportunities		3600	527,174	187,517	
93.652		SC3002547822	3600	14,557	0	PT
93.652		SC3002892417	3600	20,675	0	PT
93.652		UW BUD# 662541	3600	27,854	0	PT
93.652		UW BUD# 667212	3600	12,261	0	PT
93.652		UW BUD# 667368	3600	7,074	0	PT
<b>Federal Program 93.652 Total</b>				<b>609,595</b>	<b>187,517</b>	
93.658	Foster Care - Title Iv-E		3000	92,325,341	0	
93.658		KC244100 Amend #4	3700	125,526	0	PT
93.658		KC247400	3700	114,363	0	PT
93.658		KC247400 Amend #3	3700	9,912	0	PT
93.658		KC247500	3700	117,008	0	PT
93.658		KC247500 Amend #3	3700	10,866	0	PT
93.658		KC247600	3700	155,893	0	PT
93.658		KC247600 Amend #3	3700	17,332	0	PT
93.658		KC247700	3700	460,534	0	PT
93.658		KC247700 Amend #3	3700	51,589	0	PT
<b>Federal Program 93.658 Total</b>				<b>93,388,364</b>	<b>0</b>	
93.659	Adoption Assistance		3000	46,681,495	0	
<b>Federal Program 93.659 Total</b>				<b>46,681,495</b>	<b>0</b>	
93.667	Social Services Block Grant		3000	41,784,658	0	
<b>Federal Program 93.667 Total</b>				<b>41,784,658</b>	<b>0</b>	
93.669	Child Abuse and Neglect State Grants		3000	543,608	0	
<b>Federal Program 93.669 Total</b>				<b>543,608</b>	<b>0</b>	
93.670	Child Abuse and Neglect Discretionary Activities	PRIME #90CA1781	3600	52,163	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.670	Child Abuse and Neglect Discretionary Activities	UW BUD# 664496	3600	18,511	0	PT
	<b>Federal Program 93.670 Total</b>			<b>70,674</b>	<b>0</b>	
93.671	Family Violence Prevention and Services/Grants For		3000	1,993,800	1,914,231	
	<b>Federal Program 93.671 Total</b>			<b>1,993,800</b>	<b>1,914,231</b>	
93.674	Chafee Foster Care Independence Program		3000	3,014,163	2,922,915	
93.674		1C096000	3700	11,984	0	PT
	<b>Federal Program 93.674 Total</b>			<b>3,026,147</b>	<b>2,922,915</b>	
93.708	ARRA - Head Start		3570	172,784	138,775	
	<b>Federal Program 93.708 Total</b>			<b>172,784</b>	<b>138,775</b>	
93.715	Recovery Act - Comparative Effectiveness Research		3600	2,872,791	598,724	
	<b>Federal Program 93.715 Total</b>			<b>2,872,791</b>	<b>598,724</b>	
93.719	ARRA - WA ST Ehealth Collaborative Enterprise		1070	667,995	667,995	
93.719		90HT0019/01-05	3600	120,095	0	PT
93.719		CHECK#1902	3600	94,079	0	PT
	<b>Federal Program 93.719 Total</b>			<b>882,169</b>	<b>667,995</b>	
93.724	ARRA - Prevention & Wellness - Communities Putting		3030	29,320	23,510	
	<b>Federal Program 93.724 Total</b>			<b>29,320</b>	<b>23,510</b>	
93.733	Capacity Building Assist Strenthen Ph Immuniz		3030	983,121	129,387	
	<b>Federal Program 93.733 Total</b>			<b>983,121</b>	<b>129,387</b>	
93.734	Empowering Older Adults & Adults With Disabilities		3000	350,330	290,579	
	<b>Federal Program 93.734 Total</b>			<b>350,330</b>	<b>290,579</b>	
93.735	St.pub.hlth. Approaches Ensuring Quitline		3030	350,543	346,387	
	<b>Federal Program 93.735 Total</b>			<b>350,543</b>	<b>346,387</b>	
93.744	Breast & Servical Cancer Screening Oppt for States		3030	82,093	78,352	
	<b>Federal Program 93.744 Total</b>			<b>82,093</b>	<b>78,352</b>	
93.745	Health Care Survelliance/Statistics Programs Brfss		3030	126,454	0	
	<b>Federal Program 93.745 Total</b>			<b>126,454</b>	<b>0</b>	
93.748	C A for Prescription Drug Monitoring Program Elect		3030	99,266	0	
	<b>Federal Program 93.748 Total</b>			<b>99,266</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.752	Cancer Prevention and Control Prog		3030	2,136	0	
	<b>Federal Program 93.752 Total</b>			<b>2,136</b>	<b>0</b>	
93.767	State Children's Insurance Program		1070	67,549,908	0	
93.767			3000	2,246,307	0	
	<b>Federal Program 93.767 Total</b>			<b>69,796,215</b>	<b>0</b>	
93.768	Medicaid Infrastructure Grants to Support the Comp		1070	33,193	0	
93.768			3000	14	0	
	<b>Federal Program 93.768 Total</b>			<b>33,207</b>	<b>0</b>	
93.791	Money Follows the Person Rebalancing Demonstration		3000	21,561,453	229,714	
	<b>Federal Program 93.791 Total</b>			<b>21,561,453</b>	<b>229,714</b>	
93.824	Basic/CORE Area Health Education Centers	G227-12-W3750 AM02	3600	13,989	0	PT
93.824		PO459307	3600	8,673	0	PT
93.824		U76HP06096-0900	3600	6,018	0	PT
93.824		U77HP23073-03-00	3600	6,207	0	PT
	<b>Federal Program 93.824 Total</b>			<b>34,887</b>	<b>0</b>	
93.884	Grants for Training In Primary Care Medicine and D		3600	831,532	0	
	<b>Federal Program 93.884 Total</b>			<b>831,532</b>	<b>0</b>	
93.889	National Bioterrorism Hospital Preparedness Progra		3030	7,132,729	5,024,048	
	<b>Federal Program 93.889 Total</b>			<b>7,132,729</b>	<b>5,024,048</b>	
93.912	Rural Health Care Services Outreach and Rural Heal	G135-14-W4590	3600	2,419	0	PT
	<b>Federal Program 93.912 Total</b>			<b>2,419</b>	<b>0</b>	
93.913	Grants to States for Operation of Offices of Rural		3030	172,737	144,567	
	<b>Federal Program 93.913 Total</b>			<b>172,737</b>	<b>144,567</b>	
93.917	HIV Care Formula Grants		3030	14,889,845	3,045,266	
	<b>Federal Program 93.917 Total</b>			<b>14,889,845</b>	<b>3,045,266</b>	
93.924	Ryan White HIV/AIDS Dental Reimbursements/communit		3600	16,674	0	
	<b>Federal Program 93.924 Total</b>			<b>16,674</b>	<b>0</b>	
93.928	Special Projects of National Significance		3030	1,032	0	
	<b>Federal Program 93.928 Total</b>			<b>1,032</b>	<b>0</b>	
93.938	Cooperative Agreements to Support Comprehensive Sc		3500	91,706	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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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 93.938 Total</b>				<b>91,706</b>	<b>0</b>	
93.939	HIV Prevention Activities_non-Governmental Organiz		3600	48,055	0	
<b>Federal Program 93.939 Total</b>				<b>48,055</b>	<b>0</b>	
93.940	HIV Prevention Activities_health Department Based		3030	4,338,354	3,038,588	
<b>Federal Program 93.940 Total</b>				<b>4,338,354</b>	<b>3,038,588</b>	
93.941	HIV Demonstration, Research, Public and Profession		3030	482,108	476,391	
<b>Federal Program 93.941 Total</b>				<b>482,108</b>	<b>476,391</b>	
93.944	Human Immunodeficiency Virus (Hiv)/Acquired Immuno		3030	2,191,462	1,354,366	
93.944		PREV3080	3600	4,981	0	PT
<b>Federal Program 93.944 Total</b>				<b>2,196,443</b>	<b>1,354,366</b>	
93.945	Assistance Programs for Chronic Disease Prevention		3030	1,644,321	40,174	
93.945		10694SUB	3600	1,170	0	PT
93.945		10827SUB	3600	3,042	0	PT
<b>Federal Program 93.945 Total</b>				<b>1,648,533</b>	<b>40,174</b>	
93.946	Cooperative Agreements to Support State-Based Safe		3030	143,301	0	
<b>Federal Program 93.946 Total</b>				<b>143,301</b>	<b>0</b>	
93.958	Block Grants for Community Mental Health Services		3000	6,427,454	4,798,184	
<b>Federal Program 93.958 Total</b>				<b>6,427,454</b>	<b>4,798,184</b>	
93.959	Block Grants for Prevention and Treatment of Subst		3000	31,890,727	10,166,116	
<b>Federal Program 93.959 Total</b>				<b>31,890,727</b>	<b>10,166,116</b>	
93.964	Public Health Traineeships		3600	2,304	0	
<b>Federal Program 93.964 Total</b>				<b>2,304</b>	<b>0</b>	
93.969	Geriatric Education Centers		3600	237,519	0	
<b>Federal Program 93.969 Total</b>				<b>237,519</b>	<b>0</b>	
93.977	Preventive Health Services_sexually Transmitted DI		3030	2,874,538	1,448,552	
93.977			3600	152,674	0	
<b>Federal Program 93.977 Total</b>				<b>3,027,212</b>	<b>1,448,552</b>	
93.991	Preventive Health and Health Services Block Grant		3030	758,061	193,221	
<b>Federal Program 93.991 Total</b>				<b>758,061</b>	<b>193,221</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93,994	Maternal and Child Health Services Block Grant To		3030	9,352,873	6,236,983	
<b>Federal Program 93,994 Total</b>				<b>9,352,873</b>	<b>6,236,983</b>	
93,999	Hhs - Undetermined		3600	68,881	0	
<b>Federal Program 93,999 Total</b>				<b>68,881</b>	<b>0</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>868,947,894</b>	<b>197,852,539</b>	

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
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**Federal Programs Not Clustered**

**Corp for National & Community Service**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
94.002	Retired and Senior Volunteer Program		3750	61,063	0	
94.002			6990	49,701	0	
<b>Federal Program 94.002 Total</b>				<b>110,764</b>	<b>0</b>	
94.003	State Commissions		1050	284,394	0	
<b>Federal Program 94.003 Total</b>				<b>284,394</b>	<b>0</b>	
94.005	Learn and Serve America_higher Education		3800	(644)	0	
<b>Federal Program 94.005 Total</b>				<b>(644)</b>	<b>0</b>	
94.006	Americorps		1050	12,589,365	2,768,153	
94.006		480200	3600	183,573	0	PT
94.006			3760	3,418	0	
94.006			3800	15,874	0	
94.006			6990	274,511	0	
<b>Federal Program 94.006 Total</b>				<b>13,066,741</b>	<b>2,768,153</b>	
94.007	Planning and Program Development Grants		1050	4,345	0	
94.007		1314 MLK Mini Grant	6990	1,000	0	PT
94.007		1314 Quality Award	6990	5,000	0	PT
<b>Federal Program 94.007 Total</b>				<b>10,345</b>	<b>0</b>	
94.009	Training and Technical Assistance		1050	5,209	0	
<b>Federal Program 94.009 Total</b>				<b>5,209</b>	<b>0</b>	
94.013	Volunteers In Service to America		3800	10,259	0	
94.013			5400	101,461	0	
<b>Federal Program 94.013 Total</b>				<b>111,720</b>	<b>0</b>	
94.021	Volunteer Generation Fund		1050	220,162	211,766	
<b>Federal Program 94.021 Total</b>				<b>220,162</b>	<b>211,766</b>	
<b>Corp for National &amp; Community Service Total</b>				<b>13,808,691</b>	<b>2,979,919</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Executive Office of the President**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
95.001	High Intensity Drug Trafficking Areas Program	9003000004	0800	33,091	0	PT
95.001		9001000055	3600	7,148	0	PT
<b>Federal Program 95.001 Total</b>				<b>40,239</b>	<b>0</b>	
<b>Executive Office of the President Total</b>				<b>40,239</b>	<b>0</b>	

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Social Security Administration**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
96.008	Social Security - Work Incentives Planning and Ass		5400	266,550	0	
<b>Federal Program 96.008 Total</b>				<b>266,550</b>	<b>0</b>	
<b>Social Security Administration Total</b>				<b>266,550</b>	<b>0</b>	

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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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Homeland Security**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
97.000	Hs - Contract Number Only Provided	14-DHS-1100 AM01	3600	147,948	0	PT
97.000		3001657166 AM04	3600	5,092	0	PT
97.000		HSFE1012P00139AMP03	3600	68,471	0	
97.000		HSHQDC13CB0013MODP01	3600	559,931	302,782	
97.000		TO# UWA-PTS-001 MOD04	3600	(3)	0	PT
97.000		167561	3650	27,462	0	PT
97.000		MUSC13003	3650	122,419	0	PT
<b>Federal Program 97.000 Total</b>				<b>931,320</b>	<b>302,782</b>	
97.008	Non-Profit Security Program		2450	112,396	99,662	
<b>Federal Program 97.008 Total</b>				<b>112,396</b>	<b>99,662</b>	
97.012	Boating Safety Financial Assistance		4650	1,686,078	0	
<b>Federal Program 97.012 Total</b>				<b>1,686,078</b>	<b>0</b>	
97.023	Community Assistance Program State Support Service		4610	155,747	0	
<b>Federal Program 97.023 Total</b>				<b>155,747</b>	<b>0</b>	
97.029	Flood Mitigation Assistance		2450	542,548	525,733	
<b>Federal Program 97.029 Total</b>				<b>542,548</b>	<b>525,733</b>	
97.034	Disaster Unemployment Assistance		5400	146,932	0	
<b>Federal Program 97.034 Total</b>				<b>146,932</b>	<b>0</b>	
97.036	Disaster Grants - Public Assistance (Presidentiall		2450	28,010,709	27,961,398	
97.036		D12-024	6990	250	0	PT
<b>Federal Program 97.036 Total</b>				<b>28,010,959</b>	<b>27,961,398</b>	
97.039	Hazard Mitigation Grant		2450	4,651,496	4,375,386	
97.039		E-10-198	3760	(707)	0	PT
<b>Federal Program 97.039 Total</b>				<b>4,650,789</b>	<b>4,375,386</b>	
97.041	National Dam Safety Program		4610	52,364	0	
<b>Federal Program 97.041 Total</b>				<b>52,364</b>	<b>0</b>	
97.042	Emergency Management Performance Grants		2450	6,195,576	3,863,656	
<b>Federal Program 97.042 Total</b>				<b>6,195,576</b>	<b>3,863,656</b>	
97.043	State Fire Training Systems Grants		2250	13,790	0	
<b>Federal Program 97.043 Total</b>				<b>13,790</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Homeland Security**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
97.045	Cooperating Technical Partners		4610	144,466	0	
97.045			4900	53,026	0	
<b>Federal Program 97.045 Total</b>				<b>197,492</b>	<b>0</b>	
97.046	Fire Management Assistance Grant		2450	13,996,362	294,670	
<b>Federal Program 97.046 Total</b>				<b>13,996,362</b>	<b>294,670</b>	
97.047	Pre-Disaster Mitigation		2450	1,838,344	1,783,122	
<b>Federal Program 97.047 Total</b>				<b>1,838,344</b>	<b>1,783,122</b>	
97.050	Presidential Declared Disaster Assistance to Indiv		2450	1,338,851	1,338,851	
<b>Federal Program 97.050 Total</b>				<b>1,338,851</b>	<b>1,338,851</b>	
97.052	Emergency Operations Centers		2450	64,503	53,029	
<b>Federal Program 97.052 Total</b>				<b>64,503</b>	<b>53,029</b>	
97.055	Interoperable Communications Equipment		2450	133,708	133,708	
<b>Federal Program 97.055 Total</b>				<b>133,708</b>	<b>133,708</b>	
97.056	Port Security Grant Program		2250	36,855	0	
97.056		C120059FED-PSG1	2250	111,750	0	PT
97.056		C130082FED-PS2A	2250	1,809	0	PT
97.056		C130082FED-PSG2	2250	285,852	0	PT
97.056		C140432FED-FLR3	2250	561,364	0	PT
97.056			4050	2,528,057	0	
<b>Federal Program 97.056 Total</b>				<b>3,525,687</b>	<b>0</b>	
97.061	Centers for Homeland Security	S11198.03 MOD03	3600	18,480	0	PT
97.061		504928P0902320	3650	38,698	0	PT
97.061		50503678050	3650	28,964	0	PT
<b>Federal Program 97.061 Total</b>				<b>86,142</b>	<b>0</b>	
97.065	Homeland Security Advanced Research Projects Agenc	130389	3650	1,114	0	PT
<b>Federal Program 97.065 Total</b>				<b>1,114</b>	<b>0</b>	
97.067	Homeland Security Grant Program	C130620FED-SG82	2250	5,521	0	PT
97.067		C140346FED-SG83	2250	10,924	0	PT
97.067			2450	21,402,640	20,044,941	
<b>Federal Program 97.067 Total</b>				<b>21,419,085</b>	<b>20,044,941</b>	
97.072	National Explosives Detection Canine Team Program		2250	501,724	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, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Homeland Security**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 97.072 Total</b>				<b>501,724</b>	<b>0</b>	
97.077	Homeland Security Research Testing, Evaluation, An		3650	13,487	0	
97.077		WSU001066	3650	275,715	0	PT
<b>Federal Program 97.077 Total</b>				<b>289,202</b>	<b>0</b>	
97.078	Buffer Zone Protection Program (Bzpp)		2450	37,431	36,120	
<b>Federal Program 97.078 Total</b>				<b>37,431</b>	<b>36,120</b>	
97.082	Earthquake Consortium		2450	114,723	0	
<b>Federal Program 97.082 Total</b>				<b>114,723</b>	<b>0</b>	
97.089	Driver's License Security Grant Program		2400	580,582	0	
<b>Federal Program 97.089 Total</b>				<b>580,582</b>	<b>0</b>	
97.110	Severe Loss Repetitive Program		2450	601,841	555,056	
<b>Federal Program 97.110 Total</b>				<b>601,841</b>	<b>555,056</b>	
97.111	Regional Catastrophic Preparedness Grant Program (		2450	980,240	830,006	
<b>Federal Program 97.111 Total</b>				<b>980,240</b>	<b>830,006</b>	
97.999	Homeland Security - Undetermined		4770	1,207	0	
<b>Federal Program 97.999 Total</b>				<b>1,207</b>	<b>0</b>	
<b>Dept of Homeland Security Total</b>				<b>88,206,737</b>	<b>62,198,120</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**U.S. Agency for International Development**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
98.001	Usaid Foreign Assistance for Programs Overseas		3600	90,576	0	
98.001		00008193 AM02	3600	271,708	0	PT
98.001		A197201103ITECHMOD07	3600	73,940	0	PT
98.001		A197201103ITECHMOD09	3600	538,147	0	PT
98.001		CT83 AM01	3600	243,936	0	PT
98.001		PO#S9000468	3600	54,307	0	PT
98.001		SH1211 AM01	3600	103,711	0	PT
98.001			3650	406,860	93,024	
98.001		4044087D	3650	(61)	0	PT
98.001		42597619276	3650	43,908	0	PT
98.001		557201-14-002	3800	14,202	0	PT
<b>Federal Program 98.001 Total</b>				<b>1,841,234</b>	<b>93,024</b>	
<b>U.S. Agency for International Development Total</b>				<b>1,841,234</b>	<b>93,024</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Undetermined Fed Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
99.000	Unk Fed Agy - Contract Number Only Provided	2012-IJ-CX-0023	3600	115,983	0	
99.000		2012-IJ-CX-0040	3600	105,441	0	
99.000		201212081600001MOD002	3600	147,257	0	
99.000		2013-FA-BX-0006	3600	59,458	0	
99.000		2013HI314001APS6192921	3600	14,779	0	PT
99.000		CHECK#1010589084	3600	3,616	0	PT
99.000		DJJ-11W-ENR01-0522	3600	(1,310)	0	
99.000		M10PC00093 MOD04	3600	(110)	0	
99.000		MCC-13-BPA-0059 AM0001	3600	69,411	0	
99.000		NRCHQ11C040020MOD16	3600	120,993	0	
99.000		PROJECT #802UW MOD05	3600	216,348	0	PT
99.000		USIP-212-11F	3600	24,425	0	
99.000		UW BUD# 661402	3600	11,495	0	PT
99.000		UW BUD# 665888	3600	43,843	0	PT
99.000		HSFERS-13-P-0015	3800	7,273	0	
99.000		HSFERS-13P-0014	3800	6,349	0	
<b>Federal Program 99.000 Total</b>				<b>945,251</b>	<b>0</b>	
99.999	Undetermined Federal Agency		3600	4,569	0	
99.999		TEDDWSUOGRD119414	3650	7,479	0	PT
99.999		None	6990	46,436	0	PT
<b>Federal Program 99.999 Total</b>				<b>58,484</b>	<b>0</b>	
<b>Undetermined Fed Agency Total</b>				<b>1,003,735</b>	<b>0</b>	
<b>Federal Programs Not Clustered Total</b>				<b>3,772,979,013</b>	<b>788,824,880</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**National Endowment for the Humanities**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
06.161	Promotion of the Humanities Research		3600	101,255	0	
06.161			3650	27,871	0	
<b>Federal Program 06.161 Total</b>				<b>129,126</b>	<b>0</b>	
<b>National Endowment for the Humanities Total</b>				<b>129,126</b>	<b>0</b>	
<b>National Endowment for the Humanities Total</b>				<b>129,126</b>	<b>0</b>	

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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, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.001	Agricultural Research_basic and Applied Research		3600	147,339	0	
10.001		58-1245-3-236	3600	10,065	0	PT
10.001			3650	1,686,017	0	
10.001		20111816902	3650	6,258	0	PT
10.001		BJKH65SB001	3650	(571)	0	PT
10.001			3750	36,000	0	
10.001			6990	1,736	0	
<b>Federal Program 10.001 Total</b>				<b>1,886,844</b>	<b>0</b>	
<b>Agricultural Research Service Total</b>				<b>1,886,844</b>	<b>0</b>	
10.200	Grants for Agricultural Research, Special Research		3600	758,726	355,141	
10.200			3650	866,026	440,653	
10.200		201117720	3650	39	0	PT
10.200		201117720WSU1	3650	195	0	PT
10.200		201117720WSU4ECS	3650	43	0	PT
10.200		20122337205	3650	16,924	0	PT
10.200		20122337209WSUCHASTAGN	3650	28,197	0	PT
10.200		20122337215WSUTMILLERE	3650	268	0	PT
10.200		20122337218WSU	3650	7,113	0	PT
10.200		20122337220WSUHEBERT	3650	18,037	0	PT
10.200		201302570019CHASTAGNER	3650	6,726	0	PT
10.200		20130257007WSU	3650	30,871	0	PT
10.200		20130257011WSU	3650	47,172	0	PT
10.200		20130257029WSUGROVE2BG	3650	26,292	0	PT
10.200		AFE742346	3650	1,299	0	PT
10.200		BAK306SB002	3650	3,461	0	PT
10.200		BAK307SB002	3650	26,753	0	PT
10.200		BAK308SB002	3650	3,292	0	PT
10.200		BAK466SB001WSU	3650	(70)	0	PT
<b>Federal Program 10.200 Total</b>				<b>1,841,364</b>	<b>795,794</b>	
10.202	Cooperative Forestry Research		3600	395,700	0	
10.202			3650	495,888	0	
<b>Federal Program 10.202 Total</b>				<b>891,588</b>	<b>0</b>	
10.203	Payments to Agricultural Experiment Stations Under		3650	4,816,746	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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**Research and Development**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 10.203 Total</b>				<b>4,816,746</b>	<b>0</b>	
10.206	Grants for Agricultural Research_competitive Resea	PSA #23478 AM01	3600	26,490	0	PT
10.206			3650	26,163	0	
10.206		42204819276	3650	23,105	0	PT
10.206		S10200	3650	(245)	0	PT
<b>Federal Program 10.206 Total</b>				<b>75,513</b>	<b>0</b>	
10.207	Animal Health and Disease Research		3650	54,500	0	
<b>Federal Program 10.207 Total</b>				<b>54,500</b>	<b>0</b>	
10.212	Small Business Innovation Research	117818	3650	3,069	0	PT
10.212		WSU002491	3650	39,346	0	PT
<b>Federal Program 10.212 Total</b>				<b>42,415</b>	<b>0</b>	
10.215	Sustainable Agriculture Research and Education	090758003	3650	34,190	0	PT
10.215		100893004	3650	53,640	0	PT
10.215		110892004	3650	52,681	0	PT
10.215		110892012	3650	15,441	0	PT
10.215		12083302	3650	44,141	0	PT
10.215		120833027	3650	10,833	0	PT
<b>Federal Program 10.215 Total</b>				<b>210,926</b>	<b>0</b>	
10.219	Biotechnology Risk Assessment Research	RR167-551/4787396	3750	3,449	0	PT
<b>Federal Program 10.219 Total</b>				<b>3,449</b>	<b>0</b>	
10.227	1994 Institutions Research Program	28751MOD1NIFA201338424	3600	17,694	0	PT
10.227		28752MOD1NIFA201338424	3600	14,310	0	PT
10.227		28751	3650	3,258	0	PT
10.227		28752	3650	1,785	0	PT
10.227		28753	3650	4,098	0	PT
10.227		WSU002241	3650	3,978	0	PT
10.227		WSU002537	3650	6,624	0	PT
<b>Federal Program 10.227 Total</b>				<b>51,747</b>	<b>0</b>	
<b>National Institute of Food and Agriculture Total</b>				<b>7,988,248</b>	<b>795,794</b>	
10.250	Agricultural and Rural Economic Research		3650	817,404	0	
<b>Federal Program 10.250 Total</b>				<b>817,404</b>	<b>0</b>	

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, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Economic Research Service Total</b>				<b>817,404</b>	<b>0</b>	
10.307	Organic Agriculture Research and Extension Initiat	C0440AA	3650	27,658	0	PT
<b>Federal Program 10.307 Total</b>				<b>27,658</b>	<b>0</b>	
10.310	Agriculture and Food Research Initiative (Afri)		3600	5,648,231	3,998,362	
10.310		416211-UW	3600	12,540	0	PT
10.310		4500001195 AM01	3600	58,692	0	PT
10.310		KFS5259950PO11522AM01	3600	49,199	0	PT
10.310			3650	13,438,798	6,165,537	
10.310		101474002	3650	324,070	0	PT
10.310		15115	3650	12,203	0	PT
10.310		20101571807	3650	302,808	0	PT
10.310		20101573903	3650	106,276	0	PT
10.310		20122309005	3650	76,725	0	PT
10.310		238391A	3650	37,900	0	PT
10.310		2563210212002	3650	119,080	0	PT
10.310		BJKL03SB002	3650	1,359,879	0	PT
10.310		BKK123SB002	3650	1,921	0	PT
10.310		C000315874	3650	66,525	0	PT
10.310		C0414CB	3650	1,105	0	PT
10.310		H002413501	3650	30,125	0	PT
10.310		RC101749WSU	3650	69,874	0	PT
10.310		RC2933654693938	3650	12,276	0	PT
10.310		S110072	3650	189,271	0	PT
10.310		SUB2011128	3650	97,439	0	PT
10.310		U0720BA	3650	20,501	0	PT
10.310			3760	10,000	0	
<b>Federal Program 10.310 Total</b>				<b>22,045,438</b>	<b>10,163,899</b>	
10.320	Sun Grant Program	C0432GB	3650	22,236	0	PT
<b>Federal Program 10.320 Total</b>				<b>22,236</b>	<b>0</b>	
<b>National Institute of Food and Agriculture Total</b>				<b>22,095,332</b>	<b>10,163,899</b>	
10.652	Forestry Research		3600	267,804	0	
10.652			3650	61,744	0	
10.652			3800	34,966	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 10.652 Total</b>				<b>364,514</b>	<b>0</b>	
10.680	Forest Health Protection		3650	15,392	0	
10.680			4900	552,718	0	
10.680			4950	157,197	60,113	
<b>Federal Program 10.680 Total</b>				<b>725,307</b>	<b>60,113</b>	
<b>Forest Service Total</b>				<b>1,089,821</b>	<b>60,113</b>	
10.961	Scientific Cooperation and Research		3650	731	0	
10.961		8000051137	3650	38,720	0	PT
10.961		800051140	3650	(3,479)	0	PT
<b>Federal Program 10.961 Total</b>				<b>35,972</b>	<b>0</b>	
<b>Foreign Agricultural Service Total</b>				<b>35,972</b>	<b>0</b>	
<b>Dept of Agriculture Total</b>				<b>33,913,621</b>	<b>11,019,806</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**Dept of Commerce**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
11.417	Sea Grant Support		3600	3,643,878	245,932	
11.417		1003120003054AM02PO494	3600	23,038	0	PT
11.417		47485269NA14OAR4170075	3600	21,869	0	PT
11.417		NA2233-B AM04	3600	2,476	0	PT
11.417		RCONT222PDPO1030531200	3600	7,129	0	PT
11.417		RFISH208MODSUB10305312	3600	55,324	0	PT
<b>Federal Program 11.417 Total</b>				<b>3,753,714</b>	<b>245,932</b>	
11.420	Coastal Zone Management Estuarine Research Reserve		3600	21,262	0	
11.420			4610	649,247	0	
<b>Federal Program 11.420 Total</b>				<b>670,509</b>	<b>0</b>	
11.427	Fisheries Development and Utilization Research And		3600	23,001	0	
11.427		AM02	3600	4,534	0	PT
<b>Federal Program 11.427 Total</b>				<b>27,535</b>	<b>0</b>	
11.431	Climate and Atmospheric Research		3600	474,739	29,789	
11.431		NA226B-D AM03	3600	76,052	0	PT
<b>Federal Program 11.431 Total</b>				<b>550,791</b>	<b>29,789</b>	
11.432	Office of Oceanic and Atmospheric Research (Oar) J		3600	13,514,704	68,448	
<b>Federal Program 11.432 Total</b>				<b>13,514,704</b>	<b>68,448</b>	
11.440	Environmental Sciences, Applications, Data, and Ed	UW BUD# 663275	3600	6,469	0	PT
<b>Federal Program 11.440 Total</b>				<b>6,469</b>	<b>0</b>	
11.467	Meteorologic and Hydrologic Modernization Developm		2450	627,300	426,662	
<b>Federal Program 11.467 Total</b>				<b>627,300</b>	<b>426,662</b>	
11.468	Applied Meteorological Research		3600	86,513	0	
<b>Federal Program 11.468 Total</b>				<b>86,513</b>	<b>0</b>	
11.472	Unallied Science Program		3600	263	0	
11.472		12-85-10 AM02	3600	61,557	0	PT
11.472		1207	3600	15,822	0	PT
11.472		1301	3600	38,731	0	PT
11.472		1309	3600	5,432	0	PT
11.472		1321	3600	21,813	0	PT
11.472		1322	3600	27,939	0	PT
11.472		B 70 AM03	3600	2,048	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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**Research and Development**

**Dept of Commerce**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
11.472	Unallied Science Program	B 71 AM03	3600	106,906	0	PT
11.472		B 73 AM02	3600	26,734	0	PT
11.472		G82	3600	489	0	PT
11.472		G82/F5182-01	3600	65,717	0	PT
11.472		G83	3600	761	0	PT
11.472		G83/F5183-01 AM01	3600	92,968	0	PT
11.472		G84/F5184-01 AM01	3600	66,162	0	PT
11.472		G84/F5384-01	3600	57,139	0	PT
11.472		G83/FS183-04	3800	123,098	0	PT
11.472			4770	315,521	0	
11.472		020-10258-ISA-FISH	4770	180,919	0	PT
11.472		020-10259-ISA-FISH	4770	38,751	0	PT
<b>Federal Program 11.472 Total</b>				<b>1,248,770</b>	<b>0</b>	
<b>National Oceanic and Atmospheric Administration (N Total)</b>				<b>20,486,305</b>	<b>770,831</b>	
11.609	Measurement & Engineering Research & Stand		3600	104,938	39,881	
11.609			3650	36,308	0	
11.609			6990	10,700	0	
<b>Federal Program 11.609 Total</b>				<b>151,946</b>	<b>39,881</b>	
<b>National Institute of Standards and Technology (Ni Total)</b>				<b>151,946</b>	<b>39,881</b>	
<b>Dept of Commerce Total</b>				<b>20,638,251</b>	<b>810,712</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**Dept of Defense**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.000	Dod - Contract Number Only Provided	C130156FED-HCB3	2250	91,955	0	
12.000		C130156FED-LBL3	2250	88,813	0	
12.000		#27-001389 MOD04	3600	(5,079)	0	PT
12.000		#27-001389 MOD05	3600	18,571	0	PT
12.000		#27-001389 MOD06	3600	139,772	0	PT
12.000		0000115503 MOD03	3600	85,032	0	PT
12.000		0000120090	3600	72,137	0	PT
12.000		003/0000127778 MOD04	3600	77,196	0	PT
12.000		1011078-259568 AM08	3600	51,129	0	PT
12.000		1150114-293607 AM01	3600	201,408	0	PT
12.000		19-000234 MOD01	3600	50,254	0	PT
12.000		19-000234 MOD02	3600	5,659	0	PT
12.000		2010-319 MOD05	3600	20,918	0	PT
12.000		27-001389 MOD07	3600	37,890	0	PT
12.000		29030420-50473-B AM03	3600	72,516	0	PT
12.000		3002531628	3600	57,260	0	PT
12.000		3002874557	3600	89,428	0	PT
12.000		69-000535 MOD05	3600	136,777	0	PT
12.000		69000535MOD08RELEASE3	3600	81,205	0	PT
12.000		72284 AM03	3600	70,556	0	PT
12.000		754344	3600	1,721	0	PT
12.000		757916 MOD01	3600	22,359	0	PT
12.000		809864 MOD01	3600	151,551	0	PT
12.000		832705-6	3600	163,681	0	PT
12.000		A66831	3600	2,628	0	PT
12.000		A69823	3600	2,375	0	PT
12.000		AM06	3600	46,773	0	PT
12.000		APS-11-12 MOD21	3600	94,573	0	PT
12.000		APS-14-02 MOD01	3600	70,365	0	PT
12.000		BD516137	3600	45,925	0	PT
12.000		CLPERS12D1HEX5080	3600	63,988	0	
12.000		D13PC00203 MOD01	3600	470,521	120,376	
12.000		FA875012C0174MODP07	3600	1,200,119	240,212	
12.000		G-00184-1	3600	1,420	0	PT
12.000		GRANT PT100068 AM01	3600	91,332	0	PT
12.000		H9823010C02630000AMP09	3600	136,708	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**Dept of Defense**

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12.000	Dod - Contract Number Only Provided	H9823010C02890000MODP0	3600	107,845	0	
12.000		HDTRA1-11-C-0026 AM04	3600	123,052	0	PT
12.000		HDTRA1-11-C-0026 AM05	3600	402,412	0	PT
12.000		HDTRA1-13-C-0092	3600	295,761	0	
12.000		HSCG3214PP04094AMA0000	3600	4,073	0	
12.000		IPA #1309	3600	122,887	0	
12.000		K000886-00-S06 MOD02	3600	28,877	0	PT
12.000		N00014-07-G-0557/0009	3600	24,074	0	
12.000		N00014-07-G-0557/0011	3600	10,511	0	
12.000		N00014-07-G-0557/0019	3600	59,142	0	
12.000		N00014-07-G-0557/0022	3600	336,635	0	
12.000		N00014-07-G-0557/0023	3600	24,324	0	
12.000		N00014-07-G-0557/0024	3600	180,543	0	
12.000		N00014-07-G-0557/0026	3600	1,769	0	
12.000		N00014-07-G-0557/0027	3600	9,590	0	
12.000		N00014-07-G-0557/0028	3600	39	0	
12.000		N00014-07-G-0557/0029	3600	161,960	0	
12.000		N00014-07-G-0557/0031	3600	174,421	0	
12.000		N00014-07-G-0557/0032	3600	413,321	57,532	
12.000		N00014-12-C-0158	3600	3,272,807	0	
12.000		N00014-12-D-0577/0001	3600	530,094	0	
12.000		N00014-12-G-0078/0002	3600	168,921	0	
12.000		N00014-12-G-0078/0003	3600	192,771	0	
12.000		N00014-12-G-0078/0004	3600	116,123	0	
12.000		N00014-12-G-0078/0009	3600	1,306,052	0	
12.000		N00014-12-G-0078/0010	3600	102,410	0	
12.000		N00014-12-G-0078/0012	3600	65,147	0	
12.000		N00014-12-G-0078/0013	3600	161,176	0	
12.000		N00014-12-G-0078/0021	3600	96,837	0	
12.000		N00014-12-G-0078/0022	3600	59,802	0	
12.000		N00014-12-G-0078/0024	3600	189,385	0	
12.000		N00014-13-C-0221	3600	254,015	0	
12.000		N000141110436001AM03	3600	28,319	0	PT
12.000		N00024-02-D-6602	3600	(95,295)	0	
12.000		N00024-02-D-6602/0110	3600	(253)	0	
12.000		N00024-02-D-6602/0121	3600	64,654	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



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**Research and Development**

**Dept of Defense**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.000	Dod - Contract Number Only Provided	N00024-10-D-6318	3600	35,110		0
12.000		N00024-10-D-6318/0004	3600	61,230		0
12.000		N00024-10-D-6318/0008	3600	7,043		0
12.000		N00024-10-D-6318/0019	3600	227,517		0
12.000		N00024-10-D-6318/0020	3600	253,375		0
12.000		N00024-10-D-6318/0021	3600	3,618,383		0
12.000		N00024-10-D-6318/0023	3600	36,028		0
12.000		N00024-10-D-6318/0024	3600	879,800	108,145	
12.000		N00024-10-D-6318/0026	3600	599,544		0
12.000		N00024-10-D-6318/0027	3600	223,653		0
12.000		N00024-10-D-6318/0028	3600	385,663		0
12.000		N00024-10-D-6318/0029	3600	80,862		0
12.000		N00024-10-D-6318/0030	3600	246,016		0
12.000		N00024-10-D-6318/0031	3600	80,253		0
12.000		N00024-10-D-6318/0032	3600	304,900		0
12.000		N00024-10-D-6318/0035	3600	384,409		0
12.000		N00024-10-D-6318/0036	3600	64,410		0
12.000		N00024-10-D-6318/0037	3600	26,607		0
12.000		N00024-10-D-6318/0038	3600	9,091		0
12.000		N00024-10-D-6318/0039	3600	33,300		0
12.000		N0002410D631800121A	3600	54,180		0
12.000		N0002410D6318002401	3600	2,623,731		0
12.000		N0002410D6318002503	3600	376,706		0
12.000		N0002410D6318003202	3600	81,072		0
12.000		N00167-10-D-0002/0009	3600	680,670		0
12.000		N00167-10-D-0002/0010	3600	68,043		0
12.000		N00167-10-D-0002/0011	3600	1,547,271		0
12.000		N00167-10-D-0002/0012	3600	37,657		0
12.000		N00167-10-D-0002/0013	3600	24,001		0
12.000		N00167-10-D-0002/0014	3600	2,000,770		0
12.000		N00167-10-D-0002/0015	3600	211,217		0
12.000		N00167-10-D-0002/0016	3600	530,790		0
12.000		N00167-10-D-0002/0017	3600	42,667		0
12.000		N00167-10-D-0002/0018	3600	173,845		0
12.000		N00167-10-D-0002/0020	3600	36,072		0
12.000		N00167-10-D0002/0019	3600	173,742		0

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**Dept of Defense**

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12.000	Dod - Contract Number Only Provided	N00167-10-D0002/0021	3600	24,958	0	
12.000		N0025912P0094P00002	3600	339	0	
12.000		N68095-13-P-1001	3600	30,000	0	
12.000		PM003811-1	3600	42,064	0	PT
12.000		PO #10291495-009	3600	442,393	0	PT
12.000		PO #2273, PO #2452	3600	92,569	0	PT
12.000		PO #69652 REV03	3600	81,749	0	PT
12.000		PO 201224-043	3600	41,842	0	PT
12.000		PO 950620 REV01	3600	43,764	0	PT
12.000		PO# 10313249-004	3600	649,852	0	PT
12.000		PO# 28600	3600	33,629	0	PT
12.000		PO# 7011	3600	40,001	0	PT
12.000		PO#2000859125 MOD03	3600	470	0	PT
12.000		PO#2000859125 MOD04	3600	9,797	0	PT
12.000		PO#28649	3600	1,285	0	PT
12.000		PO#4100466305 AM04	3600	88,134	0	PT
12.000		PRIME W81XWH-11-1-0835	3600	45,301	0	PT
12.000		RM102A-B AM03	3600	27,979	0	PT
12.000		S95-0079 AM04	3600	17,092	0	PT
12.000		SPE7M5-14-M-4441	3600	1,100	0	
12.000		SPE7M5-14-M-5259	3600	344	0	
12.000		STTR PHASE 1	3600	29,896	0	PT
12.000		STTR PROJECT	3600	16,095	0	PT
12.000		UW BUD# 622009	3600	15,989	0	PT
12.000		UW BUD# 637561	3600	10,390	0	PT
12.000		UW BUD# 663527	3600	50,190	0	PT
12.000		UW BUD# 663906	3600	3,681	0	PT
12.000		UW BUD# 664018	3600	63,129	0	PT
12.000		UW BUD# 664477	3600	56,838	0	PT
12.000		UW BUD# 666332	3600	(139)	0	PT
12.000		UW OSP# A81377 AM01	3600	22,198	0	PT
12.000		V0622A-A AM01	3600	59,908	0	PT
12.000		W68MD932068967FY132IPA	3600	32,362	0	
12.000		W81XWH-12-C-0281	3600	29,446	0	
12.000		W81XWH-12-C-0281 MOD02	3600	51,862	0	
12.000		W81XWH1020090 MOD01	3600	10,650	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	W81XWH1310066PO0010274	3600	193,225	0	
12.000		W911NF-13-1-0435	3600	80,751	0	
12.000		W911QX-12-C-0163	3600	133,936	0	
12.000		W911QY-13-2-0004	3600	63,106	0	
12.000		W912EF-13-C0009 MOD01	3600	150,836	0	
12.000		W912HQ-10-C-0014 AMP06	3600	153,630	90,517	
12.000		W912HQ-10-C-0070 AMP05	3600	254,464	0	
12.000		W912HQ-11-C-0053 P05	3600	275,008	0	
12.000		W912HQ-12-C-0016 AMP04	3600	474,710	0	
12.000		W912HQ-12-C-0049 P03	3600	148,187	0	
12.000		W912HQ-12-P-0117	3600	63,314	0	
12.000		W912HQ-13-C-0023	3600	131,417	0	
12.000		W912HQ08C0050P00004	3600	38,365	60,985	
12.000		W912HZ11C0033P00003	3600	63,867	0	
12.000		WA-S-2014-015-0	3600	4,733	0	PT
12.000		0002	3650	286,812	0	
12.000		1007712	3650	3,333	3,333	
12.000		1007812	3650	10,020	3,301	
12.000		1232	3650	(55)	0	PT
12.000		1316985040927	3650	106,954	0	PT
12.000		1345	3650	2,420	0	PT
12.000		1632413	3650	3,979	0	
12.000		2001520332	3650	206,651	0	PT
12.000		54680	3650	78,291	0	PT
12.000		739623	3650	(4,008)	0	PT
12.000		950621	3650	193,359	0	PT
12.000		GUAR30285367	3650	1,355	0	
12.000		HT9404121TS07	3650	3,164	0	PT
12.000		IPA120004	3650	76,880	0	
12.000		IPA120005	3650	80,359	0	
12.000		N0025312P0174	3650	(35)	0	
12.000		N0040612P5112	3650	(281)	0	
12.000		N0040613P1432	3650	1,216	0	
12.000		N6227113M1228	3650	124,855	0	
12.000		NAFBA113M0195	3650	32,184	0	
12.000		NAFBA113M0237	3650	141,937	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, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Defense**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.000	Dod - Contract Number Only Provided	NAFBA113M0348	3650	49,851	0	
12.000		W9113M09C0075	3650	701,434	0	
12.000		W911NF1310352	3650	90,022	0	
12.000		W911NF13C0031	3650	2,408,572	624,152	
12.000		W9124A13P0070	3650	34,602	0	
12.000		W912EF09C0001	3650	58,899	0	
12.000		W912EF10C0012	3650	5,601	0	
12.000		W912HQ07C0003	3650	(789)	0	
12.000		W91CRB11C0165	3650	13,304	0	
12.000		W91CRB12C0059	3650	92,807	0	
12.000		WAC20140050	3650	9,450	0	PT
12.000		WSU002	3650	145,510	0	PT
12.000		WSU002831	3650	3,992	0	PT
12.000		WSU005	3650	314,962	0	PT
12.000		WSU007	3650	126,517	0	PT
12.000		14-88	4770	3,673	0	PT
12.000		14-89	4770	5,165	0	PT
12.000		14-90	4770	19,936	0	PT
12.000		W912EF-13-P-5060	4770	16,945	0	
12.000		W911S810D0022	6990	222,577	0	
<b>Federal Program 12.000 Total</b>				<b>39,292,391</b>	<b>1,308,553</b>	
<b>Dod Contract Number Only Provided Total</b>				<b>39,292,391</b>	<b>1,308,553</b>	
12.300	Basic and Applied Scientific Research		3600	23,624,229	2,094,942	
12.300		1010542 AM02	3600	(648)	0	PT
12.300		1010542 AM03	3600	31,711	0	PT
12.300		1141207-236198 AM11	3600	57,965	0	PT
12.300		1141221-293180 AM02	3600	38,906	0	PT
12.300		26-0201-15 UOW AM03	3600	1,528	0	PT
12.300		557493 AM01	3600	21,691	0	PT
12.300		5710002230 MOD013	3600	36,215	0	PT
12.300		66654TAM01	3600	8,689	0	PT
12.300		A101011	3600	41,975	0	PT
12.300		A101081 AM02	3600	48,847	0	PT
12.300		G05139	3600	233,265	0	PT
12.300		GG11431-138081 AM03	3600	148,551	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Defense**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.300	Basic and Applied Scientific Research	N000141110450UWAMOD05	3600	30,792	0	PT
12.300		S140003POAC21505AM02	3600	18,895	0	PT
12.300			3650	1,185,147	0	
12.300		KKK696SB001	3650	(23)	0	PT
12.300		PO10060234	3650	167,944	0	PT
12.300		UTA14_000245	3650	7,668	0	PT
12.300			4770	426,159	0	
12.300		13-84	4770	15,887	0	PT
<b>Federal Program 12.300 Total</b>				<b>26,145,393</b>	<b>2,094,942</b>	
12.350	Department of Defense HIV/AIDS Prevention Program		3600	1,245,977	0	
<b>Federal Program 12.350 Total</b>				<b>1,245,977</b>	<b>0</b>	
<b>Department of the Navy, Office of the Chief of Nav Total</b>				<b>27,391,370</b>	<b>2,094,942</b>	
12.351	Basic Scientific Research - Combating Weapons of M		3600	2,111,766	2,896	
12.351		28545260-52123-A AM03	3600	121,649	0	PT
12.351		G-9882-1	3600	183,480	0	PT
12.351		UTA11-000762 AM01	3600	14,645	0	PT
12.351		UTA11-000762 AM02	3600	87,768	0	PT
12.351			3650	1,508,544	29,773	
<b>Federal Program 12.351 Total</b>				<b>4,027,852</b>	<b>32,669</b>	
<b>Office of the Secretary of Defense Total</b>				<b>4,027,852</b>	<b>32,669</b>	
12.420	Military Medical Research and Development		3600	8,317,745	624,569	
12.420		0000697387 AM03	3600	12,053	0	PT
12.420		0000787570	3600	6,483	0	PT
12.420		10313538-002	3600	3,988	0	PT
12.420		364271-SUB 2 A4	3600	293,728	0	PT
12.420		535819PRW81XWH1110639	3600	33,806	0	PT
12.420		671800 MOD05	3600	12,027	0	PT
12.420		6749SC AM02	3600	28,002	0	PT
12.420		ARM333AM02W81XWH111081	3600	275,223	0	PT
12.420		KG112GEORGESJ2SIBCR	3600	5,868	0	PT
12.420		KG112SRISUB4SIBCR	3600	6,259	0	PT
12.420		MICUW010911AM01AM02	3600	33,852	0	PT
12.420		PE141UW1 MOD01	3600	749	0	PT
12.420		PO # 2001589471	3600	5,512	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Defense**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.420	Military Medical Research and Development	PO#0000851890	3600	10,614	0	PT
12.420		PO713003AGR2252MOD03	3600	48,239	0	PT
12.420		PT108802-SC104833	3600	53,266	0	PT
12.420		R01477 AM03	3600	496,454	0	PT
12.420		RM163OCONNJ1SIBCR	3600	36,114	0	PT
12.420		SUBAWARD# 2	3600	40,658	0	PT
12.420		W81XWH-09-2-0194 AM01	3600	68,066	0	PT
12.420		WFUHS 441002B GU-02	3600	8,411	0	PT
12.420		WFUHS 441033 CTA-03	3600	13,531	0	PT
12.420			3650	484,376	0	
<b>Federal Program 12.420 Total</b>				<b>10,295,024</b>	<b>624,569</b>	
<b>U.S. Army Medical Command Total</b>				<b>10,295,024</b>	<b>624,569</b>	
12.431	Basic Scientific Research		3600	2,562,020	739,869	
12.431		11-IARPA-1009 MOD04	3600	2,083	0	PT
12.431		11-IARPA-1009 MOD06	3600	78,530	0	PT
12.431		201301077-03 AM02	3600	93,325	0	PT
12.431		222357	3600	24,999	0	PT
12.431		C13J11497J00210AM02	3600	210,511	0	PT
12.431		G-2308-1 AM06	3600	453,816	0	PT
12.431			3650	218,137	3,700	
12.431		ARL10NWMISU120610	3650	(48)	0	PT
<b>Federal Program 12.431 Total</b>				<b>3,643,373</b>	<b>743,569</b>	
<b>U.S. Army Materiel Command Total</b>				<b>3,643,373</b>	<b>743,569</b>	
12.630	Basic, Applied, & Adv Resch In Sci & Eng		3600	324,855	53,055	
12.630		UW BUD# 662250	3600	104,803	0	PT
<b>Federal Program 12.630 Total</b>				<b>429,658</b>	<b>53,055</b>	
<b>Office of the Secretary of Defense Total</b>				<b>429,658</b>	<b>53,055</b>	
12.800	Air Force Defense Resch Sciences Program		3600	3,424,059	905,125	
12.800		11-708B-05 AM05	3600	151,603	0	PT
12.800		2 (GG006552) AM03	3600	212,744	0	PT
12.800		RB250-G3 AM09	3600	322,080	0	PT
12.800		SP0022325PROJ0007154AM	3600	93,014	0	PT
12.800		UW BUD# 668748	3600	6,387	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Defense**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.800	Air Force Defense Resch Sciences Program		3650	20,301	0	
12.800		4212048A	3650	158,357	0	PT
12.800		4212057A	3650	240,163	0	PT
<b>Federal Program 12.800 Total</b>				<b>4,628,708</b>	<b>905,125</b>	
<b>Department of the Air Force, Materiel Command Total</b>				<b>4,628,708</b>	<b>905,125</b>	
12.902	Information Security Grant Program		3600	40,174	0	
<b>Federal Program 12.902 Total</b>				<b>40,174</b>	<b>0</b>	
<b>National Security Agency Total</b>				<b>40,174</b>	<b>0</b>	
12.910	Research and Technology Development		3600	5,729,407	2,775,702	
12.910		0000772018	3600	11,963	0	PT
12.910		251658 AM02	3600	199,329	0	PT
12.910		554995 AM01	3600	(73,865)	0	PT
12.910		A65164	3600	(102)	0	PT
12.910		UW BUD# 667870	3600	145,287	0	PT
12.910		UW BUD# 668214	3600	89,535	0	PT
12.910			3650	1,161,752	375,692	
<b>Federal Program 12.910 Total</b>				<b>7,263,306</b>	<b>3,151,394</b>	
<b>Advanced Research Projects Agency Total</b>				<b>7,263,306</b>	<b>3,151,394</b>	
<b>Dept of Defense Total</b>				<b>97,011,856</b>	<b>8,913,876</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Housing & Urban Development**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
14.008	Transformation Initiative: Choice Neighborhoods		3000	17,175	0	
<b>Federal Program 14.008 Total</b>				<b>17,175</b>	<b>0</b>	
<b>Office of Policy Development and Research Total</b>				<b>17,175</b>	<b>0</b>	
<b>Housing &amp; Urban Development Total</b>				<b>17,175</b>	<b>0</b>	

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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, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of the Interior**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
15.650	Research Grants (Generic)		3600	29,097	0	
15.650		1201-060	3600	1,952	0	PT
15.650		WA-S-2011-006-2	3600	(1,778)	0	PT
15.650			3650	154,272	0	
15.650			4770	166,793	0	
<b>Federal Program 15.650 Total</b>				<b>350,336</b>	<b>0</b>	
15.664	Fish & Wildlife Coordination & Assistance Programs		3600	24,291	0	
15.664			4770	25,473	0	
<b>Federal Program 15.664 Total</b>				<b>49,764</b>	<b>0</b>	
15.669	Cooperative Landscapte Conservation		3600	3,260	0	
15.669		F12AP00833	3600	3,421	0	PT
15.669			4770	36,093	0	
<b>Federal Program 15.669 Total</b>				<b>42,774</b>	<b>0</b>	
<b>Fish and Wildlife Service Total</b>				<b>442,874</b>	<b>0</b>	
15.805	Assistance to State Water Resources Research Insti		3650	76,363	22,875	
<b>Federal Program 15.805 Total</b>				<b>76,363</b>	<b>22,875</b>	
15.807	Earthquake Hazards Reduction Program		3600	1,358,646	0	
15.807			3750	128,783	0	
15.807			3800	1,292	0	
<b>Federal Program 15.807 Total</b>				<b>1,488,721</b>	<b>0</b>	
15.808	U.S. Geological Survey_ Research and Data Collecti		2450	54,405	0	
15.808			3600	368,914	19,092	
15.808			3650	138,627	0	
15.808			3700	38,433	0	
15.808			3750	25,123	0	
15.808			4610	119,766	0	
15.808			4770	70,432	0	
<b>Federal Program 15.808 Total</b>				<b>815,700</b>	<b>19,092</b>	
15.812	Cooperative Research Units Program		3600	506,810	0	
<b>Federal Program 15.812 Total</b>				<b>506,810</b>	<b>0</b>	
<b>U.S. Geological Survey Total</b>				<b>2,887,594</b>	<b>41,967</b>	
15.945	Cooperative Research & Training Pgrom Resources Na		3600	364,899	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of the Interior**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
15.945	Cooperative Research & Training Pgrom Resources Na		3650	72,780	0	
15.945			3750	15,510	0	
15.945			3800	121,437	0	
<b>Federal Program 15.945 Total</b>				<b>574,626</b>	<b>0</b>	
<b>National Park Service Total</b>				<b>574,626</b>	<b>0</b>	
<b>Dept of the Interior Total</b>				<b>3,905,094</b>	<b>41,967</b>	

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Justice**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
16.560	National Institute of Justice Research, Evaluation		3600	456,707	38,552	
16.560		UW BUD# 664830	3600	8,704	0	PT
16.560		4972WSUNIJ0055	3650	1,860	0	PT
<b>Federal Program 16.560 Total</b>				<b>467,271</b>	<b>38,552</b>	
<b>National Institute of Justice Total</b>				<b>467,271</b>	<b>38,552</b>	
<b>Dept of Justice Total</b>				<b>467,271</b>	<b>38,552</b>	

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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, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.109	Air Transportation Centers of Excellence		3600	93,627	0	
20.109			3650	100,267	0	
<b>Federal Program 20.109 Total</b>				<b>193,894</b>	<b>0</b>	
<b>Federal Aviation Administration (Faa) Total</b>				<b>193,894</b>	<b>0</b>	
20.200	Highway Research and Development Program		3650	56,678	0	
20.200			3700	262,903	0	
<b>Federal Program 20.200 Total</b>				<b>319,581</b>	<b>0</b>	
<b>Federal Highway Administration (Fhwa) Total</b>				<b>319,581</b>	<b>0</b>	
20.514	Public Transportation Research	4266001	3600	11,051	0	PT
<b>Federal Program 20.514 Total</b>				<b>11,051</b>	<b>0</b>	
<b>Federal Transit Administration (Fta) Total</b>				<b>11,051</b>	<b>0</b>	
20.761	Biobased Transportation Research	T0013GA	3650	20,129	0	PT
<b>Federal Program 20.761 Total</b>				<b>20,129</b>	<b>0</b>	
<b>Federal Motor Carrier Safety Administration Total</b>				<b>20,129</b>	<b>0</b>	
20.931	Transportation Planning, Research and Education		3800	119,855	0	
<b>Federal Program 20.931 Total</b>				<b>119,855</b>	<b>0</b>	
<b>Research and Innovative Technology Administration Total</b>				<b>119,855</b>	<b>0</b>	
<b>Dept of Transportation Total</b>				<b>664,510</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**National Aeronautics & Space Admin**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
43.003	Exploration		3600	252,832	26,998	
	<b>Federal Program 43.003 Total</b>			<b>252,832</b>	<b>26,998</b>	
43.009	Cross Agency Support		3600	154,934	0	
43.009		1305058Z1/P0092676	3600	15,784	0	PT
	<b>Federal Program 43.009 Total</b>			<b>170,718</b>	<b>0</b>	
	<b>National Aeronautic &amp; Space Administration Total</b>			<b>423,550</b>	<b>26,998</b>	
	<b>National Aeronautics &amp; Space Admin Total</b>			<b>423,550</b>	<b>26,998</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.041	Engineering Grants		3600	11,139,312	1,566,953	
47.041		205-01	3600	40,403	0	PT
47.041		3002732486	3600	11,341	0	PT
47.041		44771-7473 AM21	3600	48,953	0	PT
47.041		44771-7473 AM22	3600	129,037	0	PT
47.041		44771-7473 AM24	3600	1,043,000	0	PT
47.041		44771-7473 AM26	3600	695,714	0	PT
47.041		478496-19124 MOD02	3600	27,891	0	PT
47.041		72209	3600	(666)	0	PT
47.041		IIP-1127360	3600	56,024	0	PT
47.041		IIP-1315779 AM01	3600	19,576	0	PT
47.041		NEES-4101-31868 AM14	3600	64,323	0	PT
47.041		NSF1330459-SUB1	3600	1,706	0	PT
47.041		PRIME 1346821	3600	29,134	0	PT
47.041		R3D381 AM02	3600	141,620	0	PT
47.041		UW BUD# 663543	3600	32,267	0	PT
47.041		UW BUD# 667586	3600	69,625	0	PT
47.041			3650	2,642,433	289,902	
47.041		120889001	3650	63,808	0	PT
47.041		410151649	3650	44,560	0	PT
47.041		WSU002184	3650	6,295	0	PT
47.041			3700	78	0	
47.041			3800	33,136	0	
47.041		260118A	6990	13,479	0	PT
<b>Federal Program 47.041 Total</b>				<b>16,353,049</b>	<b>1,856,855</b>	
47.049	Mathematical and Physical Sciences		3600	17,408,421	3,786,873	
47.049		2009-01366-01 AM04	3600	7,700	0	PT
47.049		20090136601A2860085556	3600	19,868	0	PT
47.049		202048UW AM02	3600	31,463	0	PT
47.049		202054 AM01	3600	66,508	0	PT
47.049		7443-2307, AMEND5	3600	8,378	0	PT
47.049		7443-2307AM	3600	29,001	0	PT
47.049		AGS-1239348 MOD01	3600	12,832	0	PT
47.049		C14D11736(D01999)	3600	217,715	0	PT
47.049		C44009L AM08	3600	68,991	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Research and Development**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.049	Mathematical and Physical Sciences	C44009L AM09	3600	242,702	0	PT
47.049		C44036L AM05	3600	47,936	0	PT
47.049		C44036L AM06	3600	174,480	0	PT
47.049		C44051L AM04	3600	145,280	0	PT
47.049		C44051L/AM03	3600	24,733	0	PT
47.049		C44068L AM03	3600	23,792	0	PT
47.049		C44068L AM04	3600	45,762	0	PT
47.049		FP044186PHY1003940AM02	3600	122,227	0	PT
47.049		IAS-EHR-0314808	3600	3,776	0	PT
47.049		PHY-1219444	3600	4,103	0	PT
47.049		S0183165AM02	3600	5,181	0	PT
47.049		S880653	3600	33,542	0	PT
47.049		T082877FORMERLYS880653	3600	109,822	0	PT
47.049			3650	2,768,251	222,669	
47.049		AMK869SB001	3650	78,498	0	PT
47.049			3700	128,187	0	
47.049			3750	225,290	7,790	
47.049		NSF#PHY0808790	3750	18,984	0	PT
47.049			3800	630,940	0	
47.049		DUE 0532618	6990	1,975	0	PT
<b>Federal Program 47.049 Total</b>				<b>22,706,338</b>	<b>4,017,332</b>	
47.050	Geosciences		3600	26,451,195	102,511	
47.050		07-UWA-SAGE AM01	3600	52,574	0	PT
47.050		12053604 AM01	3600	39,360	0	PT
47.050		14-NSF-1031	3600	47,498	0	PT
47.050		14386PREAR1338810AM01	3600	682	0	PT
47.050		201224982-01 AM01	3600	47,345	0	PT
47.050		208991B AM04	3600	99,678	0	PT
47.050		340038-55900 MOD01	3600	32,478	0	PT
47.050		39017989 MOD01	3600	38,448	0	PT
47.050		39017989-002	3600	70,191	0	PT
47.050		4 (GG002456) AM08	3600	143,238	0	PT
47.050		45-DMS AM04	3600	21,274	0	PT
47.050		BA-85 POT3334A85	3600	352	0	PT
47.050		G-3045-5 AM06	3600	34,418	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Schedule of Expenditures of Federal Awards**

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**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.050	Geosciences	G-3624-12AM03	3600	64,974	0	PT
47.050		GSTCN0106S6-UW AM05	3600	106,754	0	PT
47.050		OCE-1155379-001	3600	6,080	0	PT
47.050		OCE-1260403-002	3600	11,977	0	PT
47.050		P.O. T344A85 MOD01	3600	9,158	0	PT
47.050		RB701-G1	3600	48,602	0	PT
47.050		S-000375	3600	(5,650)	0	PT
47.050		SA 9-09	3600	15,050,883	0	PT
47.050		SA 9-09 MOD	3600	5,274	0	PT
47.050		SA 9-09 MOD 12	3600	1,289,999	0	PT
47.050		SA 9-09 MOD 2	3600	(18,848)	0	PT
47.050		SA 9-09 MOD 5	3600	2,573,760	0	PT
47.050		T344B85 MOD01	3600	2,075	0	PT
47.050			3650	747,358	(790)	
47.050		3002608135	3650	789	0	PT
47.050		C000235246	3650	8,895	0	PT
47.050			3750	205,053	0	
47.050		S10-EAR1261833-S2/EAR1	3750	62,853	0	PT
47.050			3800	616,695	0	
47.050		207391C	3800	51,170	0	PT
47.050		FP33389	3800	23,024	0	PT
47.050		PO# 10009041	3800	14,767	0	PT
47.050		T325A77	3800	7,880	0	PT
47.050		T350A77	3800	28,367	0	PT
<b>Federal Program 47.050 Total</b>				<b>47,990,620</b>	<b>101,721</b>	
47.070	Computer and Information Science and Engineering		3600	12,942,848	209,133	
47.070		00002083 MOD01	3600	20,184	0	PT
47.070		1549807 MOD01	3600	131,146	0	PT
47.070		340051-55900	3600	8,200	0	PT
47.070		58007-9069 AM05	3600	113,648	0	PT
47.070		60167194-106431-A	3600	107,031	0	PT
47.070		7E-1094749 MOD01	3600	25,515	0	PT
47.070		A31928/FA18338 AM08	3600	(591)	0	PT
47.070		CCC-UW-072013	3600	134,651	0	PT
47.070		CIF-E-002 AM02	3600	52,952	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



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**Research and Development**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.070	Computer and Information Science and Engineering	POSTDOC002	3600	40,213	0	PT
47.070			3650	1,293,412	1,112	
47.070		0000013311	3650	37,220	0	PT
<b>Federal Program 47.070 Total</b>				<b>14,906,429</b>	<b>210,245</b>	
47.074	Biological Sciences		3600	5,657,427	40,470	
47.074		2014.0001 AM01	3600	47,211	0	PT
47.074		211025-UW AM03	3600	310	0	PT
47.074		252F195 AM03	3600	12,677	0	PT
47.074		5-37598 AM01	3600	38,127	0	PT
47.074		61-2075UW AM03	3600	42,252	0	PT
47.074		61-2075UW AM05	3600	43,010	0	PT
47.074		61-2075UW AM06	3600	89,130	0	PT
47.074		61-2075UW AM07	3600	44,212	0	PT
47.074		61-2075UW AM09	3600	235,399	0	PT
47.074		6110567/RFS900119 AM03	3600	(2)	0	PT
47.074		63655-9675 AM02	3600	86,831	0	PT
47.074		A91030	3600	31,142	0	PT
47.074			3650	4,885,889	650,703	
47.074		602479191	3650	1,968	0	PT
47.074		Z370805	3650	10,104	0	PT
47.074		FY2011-099/IOS0951254	3750	22,007	0	PT
47.074			3800	830,160	0	
47.074			6990	21,224	0	
<b>Federal Program 47.074 Total</b>				<b>12,099,078</b>	<b>691,173</b>	
47.075	Social, Behavioral, and Economic Sciences		3600	5,113,937	1,650,592	
47.075		0000021943	3600	2,310	0	PT
47.075		13007301A00PO000134381	3600	9,204	0	PT
47.075		31-177622SA-01 MOD1	3600	21,477	0	PT
47.075		DG12-64	3600	2,611	0	PT
47.075		PO 10321094-002	3600	81,353	0	PT
47.075			3650	428,866	0	
47.075			3750	3,708	0	
47.075			3800	194,341	0	
<b>Federal Program 47.075 Total</b>				<b>5,857,807</b>	<b>1,650,592</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Research and Development**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.076	Education and Human Resources		3600	15,873,650	1,561,292	
47.076		201ERV282 AM01	3600	4,261	0	PT
47.076		2327-013631	3600	32,840	0	PT
47.076		4769-UW-NSF-6204 AM01	3600	29,091	0	PT
47.076		527631-004 AM05	3600	53,688	0	PT
47.076		FY11.455.001_AMD04_UWA	3600	31,869	0	PT
47.076		MUSC13-081	3600	10,367	0	PT
47.076		NSF DRL-1223730	3600	4,635	0	PT
47.076		NSFEDGEERESE7026AM01	3600	16,474	0	PT
47.076		RC101209UW AM03	3600	87,739	0	PT
47.076		S-DRL-1224135-UW1	3600	38,194	0	PT
47.076		S-DUE-1238253-UW1 AM01	3600	298,328	0	PT
47.076		UR ACCT#5-23450 AM03	3600	81,169	0	PT
47.076			3650	3,382,075	276,193	
47.076		201202Q	3650	13,486	0	PT
47.076		3558WSUNSF3747	3650	15,037	0	PT
47.076		667378	3650	7	0	PT
47.076		NSFATEDUE1002931	3650	46,923	0	PT
47.076		RC101209WSU	3650	70,947	0	PT
47.076		WSU002562	3650	596	0	PT
47.076			3700	283,232	0	
47.076			3750	465,477	4,069	
47.076		DUE1125331	3750	41,339	0	PT
47.076			3760	298,211	0	
47.076		RA10026223	3760	1,962	0	PT
47.076			3800	999,434	0	
47.076			6990	3,288,733	0	
47.076		677551	6990	53,708	0	PT
47.076		DUE 1304405	6990	27,925	0	PT
47.076		G534/G535	6990	60,966	0	PT
47.076		G680	6990	1,484	0	PT
47.076		MA12037	6990	10,357	0	PT
47.076		SNF#1118679	6990	8,355	0	PT
<b>Federal Program 47.076 Total</b>				<b>25,632,559</b>	<b>1,841,554</b>	
47.078	Polar Programs		3600	4,783,033	88,155	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.078	Polar Programs	FY2011-025-M5 MOD05	3600	193,188	0	PT
47.078		PO FP33458	3600	19,197	0	PT
47.078		D001872701	3650	2,512	0	PT
47.078			3750	100,300	0	
47.078		3778CWUNSF2136	3750	8,044	0	PT
47.078			3800	116,625	0	
<b>Federal Program 47.078 Total</b>				<b>5,222,899</b>	<b>88,155</b>	
47.079	International Science and Engineering (Oise)		3600	166,916	0	
47.079		S1315A-C AM03	3600	5,620	0	PT
47.079		S1315A-C AM04	3600	69,430	0	PT
47.079			3650	117,936	0	
<b>Federal Program 47.079 Total</b>				<b>359,902</b>	<b>0</b>	
47.080	Office of Cyberinfrastructure		3600	1,464,318	0	
47.080		2010-07196-04	3600	18,049	0	PT
47.080		2010-07196-04 AM02	3600	9,704	0	PT
47.080		2010-07196-04 AM03	3600	98,008	0	PT
47.080			6990	501,812	0	
<b>Federal Program 47.080 Total</b>				<b>2,091,891</b>	<b>0</b>	
47.082	ARRA - Trans-Nsf Recovery Act Research Supp		3600	2,596,266	29,019	
47.082		0000007899	3600	(56)	0	PT
47.082		SA 9-09	3600	1,050,509	0	PT
47.082		SUB24957PRIMENSF072497	3600	21,347	0	PT
47.082			3650	948,482	0	
47.082		EAR0732947/S10EAR07329	3750	49,262	0	PT
47.082			3800	296,440	0	
<b>Federal Program 47.082 Total</b>				<b>4,962,250</b>	<b>29,019</b>	
<b>National Science Foundation Total</b>				<b>158,182,822</b>	<b>10,486,646</b>	
<b>National Science Foundation Total</b>				<b>158,182,822</b>	<b>10,486,646</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Research and Development**

**Environmental Protection Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
66.034	Surveys, Studies, Research, Investigations, Demons	UW BUD# 674331	3600	978	0	PT
66.034		UW BUD# 674745	3600	3,357	0	PT
66.034			4610	783,902	178,092	
<b>Federal Program 66.034 Total</b>				<b>788,237</b>	<b>178,092</b>	
<b>Office of Air and Radiation Total</b>				<b>788,237</b>	<b>178,092</b>	
66.509	Science to Achieve Results (Star) Research Program		3600	5,785,244	1,539,930	
66.509		07-003825-02 AM05	3600	48,824	0	PT
66.509		UW BUD# 666526	3600	17,712	0	PT
66.509		68F1088313	3650	46,892	0	PT
66.509		G58681	3650	45,462	0	PT
<b>Federal Program 66.509 Total</b>				<b>5,944,134</b>	<b>1,539,930</b>	
66.511	Office of Research and Development Consolidated Re	UW BUD# 662042	3600	9,941	0	PT
<b>Federal Program 66.511 Total</b>				<b>9,941</b>	<b>0</b>	
66.514	Science to Achieve Results (Star) Fellowship Progr		3600	69,537	0	
66.514			3650	34,139	0	
<b>Federal Program 66.514 Total</b>				<b>103,676</b>	<b>0</b>	
<b>Office of Research and Development Total</b>				<b>6,057,751</b>	<b>1,539,930</b>	
<b>Environmental Protection Agency Total</b>				<b>6,845,988</b>	<b>1,718,022</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.049	Office of Science Financial Assistance		3600	18,880,140	737,075	
81.049		00001890 MOD03	3600	56,900	0	PT
81.049		0190QGB351 AM01	3600	175,075	0	PT
81.049		1070096-242680 AM03	3600	51,437	0	PT
81.049		124328	3600	15,720	0	PT
81.049		2003-07059-05 (A6929)	3600	23,888	0	PT
81.049		20030705905AM01A6929	3600	129,807	0	PT
81.049		44978 AM002	3600	103,521	0	PT
81.049		503018 MOD04	3600	28,615	0	PT
81.049		63761 AM02	3600	38,173	0	PT
81.049		ARI 10667-4 AM02	3600	(8,645)	0	PT
81.049		C00034442-1 AM01	3600	159,415	0	PT
81.049		DE-SC000448	3600	1,217	0	PT
81.049		PRIME DE-SC0006281	3600	(8,747)	0	PT
81.049		UNR-13-62	3600	3,251	0	PT
81.049		UW BUD# 639982	3600	5,409	0	PT
81.049		UW BUD# 667707	3600	34,999	0	PT
81.049		UWOSPA66435DESC000448M	3600	53,885	0	PT
81.049			3650	2,738,815	280,443	
81.049		10154	3650	289	0	PT
81.049		23009-WS	3650	290,396	0	PT
81.049		740058874P	3650	136,277	0	PT
81.049		A003127004	3650	144,067	0	PT
81.049		DDPSC21017WS	3650	388,990	0	PT
81.049		WSU002685	3650	18,528	0	PT
81.049		0190 G MA598	3700	33,793	0	PT
<b>Federal Program 81.049 Total</b>				<b>23,495,215</b>	<b>1,017,518</b>	
81.049A	ARRA - Office of Science Financial Assistance	124328	3600	181,901	0	PT
81.049A		Y551851 AMEND 6	3600	158,970	0	PT
<b>Federal Program 81.049A Total</b>				<b>340,871</b>	<b>0</b>	
<b>Headquarters Office Total</b>				<b>23,836,086</b>	<b>1,017,518</b>	
81.057	University Coal Research		3600	116,809	0	
<b>Federal Program 81.057 Total</b>				<b>116,809</b>	<b>0</b>	
<b>Office of Fossil Energy Total</b>				<b>116,809</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**Dept of Energy**

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81.086	Conservation Research and Development	TCS65292	3600	207,749	0	PT
81.086		20110140IAA	3650	(246)	0	PT
<b>Federal Program 81.086 Total</b>				<b>207,503</b>	<b>0</b>	
81.087	Renewable Energy Research and Development		3600	285,527	68,802	
81.087		60213273-51077-K AM03	3600	113,230	0	PT
81.087		60213274-51077-L AM4	3600	413,312	0	PT
81.087		CA-14004	3600	16,839	0	PT
81.087		CA-14004 AM01	3600	155	0	PT
81.087		G0107A-A AM07	3600	171,680	0	PT
81.087		G0107K-A AM01	3600	368,544	0	PT
81.087		G0128A-A AM03	3600	34,693	0	PT
81.087		G0139A-A	3600	586	0	PT
81.087		GO12026-300 AM-C	3600	(1,278)	0	PT
81.087		Z13-13583 MOD02	3600	24,385	0	PT
81.087			3650	172,752	38,065	
81.087		WSU002046	3650	262,225	0	PT
81.087		DE-EE0002850	4900	150,771	0	PT
<b>Federal Program 81.087 Total</b>				<b>2,013,421</b>	<b>106,867</b>	
81.087A	ARRA - Renewable Energy Research and Development	28302-U	3600	(150)	0	PT
<b>Federal Program 81.087A Total</b>				<b>(150)</b>	<b>0</b>	
<b>Energy Efficiency and Renewable Energy Total</b>				<b>2,220,774</b>	<b>106,867</b>	
81.089	Fossil Energy Research and Development		3600	30,439	0	
81.089		424K340 UW	3600	94,111	0	PT
81.089		G12912W3521	3650	80,288	0	PT
<b>Federal Program 81.089 Total</b>				<b>204,838</b>	<b>0</b>	
<b>Office of Fossil Energy Total</b>				<b>204,838</b>	<b>0</b>	
81.104	Office of Environmental Waste Processing		6990	886,231	0	
<b>Federal Program 81.104 Total</b>				<b>886,231</b>	<b>0</b>	
<b>Office of Bilingual Education and Minority Languag Total</b>				<b>886,231</b>	<b>0</b>	
81.113	Defense Nuclear Nonproliferation Research		3650	302,781	0	
<b>Federal Program 81.113 Total</b>				<b>302,781</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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<b>National Nuclear Security Administration Total</b>				<b>302,781</b>	<b>0</b>	
81.135	Adv Research & Projects Agency		3600	1,069,375	250,785	
81.135		0130 G RB464	3600	78,998	0	PT
81.135		3002985435	3600	126,341	0	PT
81.135		12006903B00	3650	99,082	0	PT
81.135		653029807	3650	182,711	0	PT
<b>Federal Program 81.135 Total</b>				<b>1,556,507</b>	<b>250,785</b>	
81.135A	ARRA - Adv Research & Projects Agency	2001001	3600	52,611	0	PT
81.135A		201001	3600	(11,647)	0	PT
<b>Federal Program 81.135A Total</b>				<b>40,964</b>	<b>0</b>	
<b>Electricity Delivery &amp; Energy Reliab 1000 Total</b>				<b>1,597,471</b>	<b>250,785</b>	
81.214	Environmental Monitoring/Cleanup Cultural Rsrc Mgt		2450	702,803	585,675	
81.214			4610	2,993,813	21,254	
<b>Federal Program 81.214 Total</b>				<b>3,696,616</b>	<b>606,929</b>	
<b>Savannah River Operations Office Total</b>				<b>3,696,616</b>	<b>606,929</b>	
<b>Dept of Energy Total</b>				<b>32,861,606</b>	<b>1,982,099</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
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**Research and Development**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.022	Overseas Programs - Doctoral Dissertation Research		3600	69,932	0	
<b>Federal Program 84.022 Total</b>				<b>69,932</b>	<b>0</b>	
<b>Office of Postsecondary Education Total</b>				<b>69,932</b>	<b>0</b>	
84.133	National Institute on Disability and Rehabilitatio		3600	5,199,414	327,056	
84.133		#80474 AM04	3600	(16)	0	PT
84.133		80831	3600	10,939	0	PT
84.133		H133A120037 MOD01	3600	13,975	0	PT
<b>Federal Program 84.133 Total</b>				<b>5,224,312</b>	<b>327,056</b>	
<b>Office of Special Education and Rehabilitative Ser Total</b>				<b>5,224,312</b>	<b>327,056</b>	
84.220	Centers for International Business Education		3600	179,047	0	
<b>Federal Program 84.220 Total</b>				<b>179,047</b>	<b>0</b>	
<b>Office of Postsecondary Education Total</b>				<b>179,047</b>	<b>0</b>	
84.305	Education Research, Development and Dissemination		3600	1,056,098	0	
84.305		01105-03230 MOD01	3600	143,724	0	PT
84.305			3650	478,013	101,734	
84.305		618101104345	3650	95,471	0	PT
<b>Federal Program 84.305 Total</b>				<b>1,773,306</b>	<b>101,734</b>	
<b>Office of Educational Research and Improvement Total</b>				<b>1,773,306</b>	<b>101,734</b>	
84.324	Research In Special Education	3048108226-12-338 AM04	3600	27,646	0	PT
84.324		51423 AM01	3600	61,727	0	PT
84.324		FY2009-083 MOD04	3600	11,894	0	PT
84.324		RS20110522-04	3600	3,012	0	PT
84.324		RS20110522-10	3600	386,541	0	PT
84.324		RS20120590-05	3600	176,784	0	PT
84.324		UFDSP00010173 AM02	3600	15,305	0	PT
<b>Federal Program 84.324 Total</b>				<b>682,909</b>	<b>0</b>	
<b>Office of Special Education and Rehabilitative Ser Total</b>				<b>682,909</b>	<b>0</b>	
<b>Dept of Education Total</b>				<b>7,929,506</b>	<b>428,790</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.061	Innovations In Applied Public Health Research		3600	533,225	48,083	
<b>Federal Program 93.061 Total</b>				<b>533,225</b>	<b>48,083</b>	
<b>Centers for Disease Control and Prevention Total</b>				<b>533,225</b>	<b>48,083</b>	
93.103	Food and Drug Administration_research		3600	154,652	30,095	
93.103		415941-G	3600	11,564	0	PT
93.103		416209-G	3600	43,404	0	PT
93.103		ACCT #5-38266 AM03	3600	83	0	PT
93.103			3650	121,579	0	
93.103		0800294706	3650	522	0	PT
93.103			4950	797,259	0	
<b>Federal Program 93.103 Total</b>				<b>1,129,063</b>	<b>30,095</b>	
<b>Food and Drug Administration Total</b>				<b>1,129,063</b>	<b>30,095</b>	
93.113	Environmental Health		3600	9,507,112	397,465	
93.113		00000544 AM03	3600	91,505	0	PT
93.113		1019929	3600	13,668	0	PT
93.113		10387 SUB MOD02	3600	46,736	0	PT
93.113		1553 G MC571 AM04	3600	50,580	0	PT
93.113		23570.114018 AM05	3600	72,964	0	PT
93.113		5R21ES02040402AM02	3600	32,233	0	PT
93.113		PO#R694299 AM03	3600	2,647	0	PT
93.113		TO141096MA75501MOD08	3600	57,566	0	PT
93.113		WU13183MOD2PO2917435WA	3600	52,960	0	PT
93.113		Z036104 AM-B	3600	12,458	0	PT
93.113			3650	2,094,943	164,623	
<b>Federal Program 93.113 Total</b>				<b>12,035,372</b>	<b>562,088</b>	
93.121	Oral Diseases and Disorders Research		3600	6,534,763	462,055	
93.121		10509SUB MOD01	3600	4,989	0	PT
93.121		10575SUB AM01	3600	(44)	0	PT
93.121		10672SUB	3600	2,414	0	PT
93.121		10705SUB MOD02	3600	32,195	0	PT
93.121		10776SUB	3600	311,755	0	PT
93.121		10826SUB MOD01	3600	12,841	0	PT
93.121		10994SUB	3600	38,573	0	PT
93.121		43408029	3600	126,660	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.121	Oral Diseases and Disorders Research	5-32965	3600	3,262	0	PT
93.121		5-32965 AM01	3600	52,999	0	PT
93.121		A69335	3600	12,462	0	PT
93.121		AM01	3600	58,249	0	PT
93.121		FY13100801	3600	19,829	0	PT
93.121		FY14100801	3600	17,579	0	PT
93.121		P001901001 AM03	3600	54,577	0	PT
93.121		P001901001AM01	3600	113,972	0	PT
93.121		UWASH023608-2455	3600	21,529	0	PT
93.121		UWPC-15542	3600	191,370	0	PT
<b>Federal Program 93.121 Total</b>				<b>7,609,974</b>	<b>462,055</b>	
<b>National Institutes of Health Total</b>				<b>19,645,346</b>	<b>1,024,143</b>	
93.135	Centers for Research and Demonstration for Health		3600	2,763,293	547,396	
93.135		4500001532	3600	27,233	0	PT
<b>Federal Program 93.135 Total</b>				<b>2,790,526</b>	<b>547,396</b>	
93.136	Injury Prevention and Control Research and State A		3600	440,101	230,750	
<b>Federal Program 93.136 Total</b>				<b>440,101</b>	<b>230,750</b>	
<b>Centers for Disease Control and Prevention Total</b>				<b>3,230,627</b>	<b>778,146</b>	
93.143	Niehs Superfund Hazardous Substances_basic Researc		3600	1,576,548	112,538	
93.143		00007683AM02P42ES00470	3600	10,008	0	PT
93.143		5 R44 ES 020099-03	3600	149,522	0	PT
<b>Federal Program 93.143 Total</b>				<b>1,736,078</b>	<b>112,538</b>	
<b>National Institutes of Health Total</b>				<b>1,736,078</b>	<b>112,538</b>	
93.155	Rural Health Research Centers		3600	778,913	74,046	
93.155		UW BUD# 666323	3600	10,537	0	PT
<b>Federal Program 93.155 Total</b>				<b>789,450</b>	<b>74,046</b>	
<b>Health Resources and Services Administration Total</b>				<b>789,450</b>	<b>74,046</b>	
93.172	Human Genome Research		3600	18,944,387	2,955,054	
93.172		10462SUB MOD02	3600	364,677	0	PT
93.172		10462SUB10720SUBMOD02	3600	19,148	0	PT
93.172		13-110	3600	3,104	0	PT
93.172		2012119951	3600	23,737	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.172	Human Genome Research	2012120565	3600	16,487	0	PT
93.172		20131565175U01HG006375	3600	265,670	0	PT
93.172		5-32813 AM01	3600	7,987	0	PT
93.172		5-51148 YEAR4#3	3600	(26)	0	PT
93.172		5U01HG00469504AM07SUBC	3600	25,899	0	PT
93.172		5U01HG00637503MOD01	3600	198,535	0	PT
93.172		6145903/RFS2013076	3600	8,207	0	PT
93.172		PRIME1U41HG00749701	3600	125,712	0	PT
93.172		S0183592 AM01-REV	3600	40,739	0	PT
93.172		S0183592 AM02	3600	222,999	0	PT
93.172		UAF 11-0078 MOD03	3600	134,505	0	PT
93.172		UM1HG007292 AM01	3600	38,745	0	PT
93.172		UM1HG007292-01	3600	371,819	0	PT
93.172		WA00133053RFS2014045AM	3600	158,317	0	PT
93.172		WU-13-201	3600	49,515	0	PT
93.172		WU-14-330 PO#2923442	3600	100,974	0	PT
<b>Federal Program 93.172 Total</b>				<b>21,121,137</b>	<b>2,955,054</b>	
93.173	Research Related to Deafness and Communication DIS		3600	7,694,862	204,947	
93.173		0000749224	3600	37,256	0	PT
93.173		779671	3600	92,576	0	PT
93.173		GOTOL0173A_UW/AM04	3600	12,342	0	PT
93.173		SP0011426PROJ0003112AM	3600	56,754	0	PT
93.173			3650	231,798	15,505	
<b>Federal Program 93.173 Total</b>				<b>8,125,588</b>	<b>220,452</b>	
<b>National Institutes of Health Total</b>				<b>29,246,725</b>	<b>3,175,506</b>	
93.186	National Research Service Award In Primary Care Me		3600	475,721	0	
<b>Federal Program 93.186 Total</b>				<b>475,721</b>	<b>0</b>	
<b>Health Resources and Services Administration Total</b>				<b>475,721</b>	<b>0</b>	
93.213	Research and Training In Complementary and Alterna		3600	1,563,241	467,751	
93.213		2013102482	3600	11,361	0	PT
93.213		2013102876 MOD01	3600	5,888	0	PT
93.213		2013132313	3600	16,783	0	PT
93.213		2014158800	3600	1,399	0	PT
93.213		H33B11-03 (4)	3600	10,098	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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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.213	Research and Training In Complementary and Alterna	H34B11-01 (3) AM02	3600	51,306	0	PT
93.213		H34B11-01 (4) AM01	3600	251,989	0	PT
93.213		H34B12-03 AM02	3600	4,043	0	PT
93.213		H34B1201 (3) AM03	3600	64,403	0	PT
93.213		H34B1207AM01PR1U19AT00	3600	14,668	0	PT
93.213		PO#2014101502 MOD01	3600	11,189	0	PT
93.213			3650	196,519	42,711	
93.213		G12314W4178	3650	77,160	0	PT
<b>Federal Program 93.213 Total</b>				<b>2,280,047</b>	<b>510,462</b>	
<b>National Institutes of Health Total</b>				<b>2,280,047</b>	<b>510,462</b>	
93.225	National Research Service Awards_health Services R		3600	367,166	0	
<b>Federal Program 93.225 Total</b>				<b>367,166</b>	<b>0</b>	
93.226	Research on Healthcare Costs, Quality and Outcomes		3600	3,807,672	585,731	
93.226		0007879A AM04	3600	1,388	0	PT
93.226		10327SUB MOD02	3600	1,857	0	PT
93.226		2013144461	3600	133,212	0	PT
93.226		2014162855	3600	23,414	0	PT
93.226		3035486 AM05	3600	63,318	0	PT
93.226		5-31352 AM03	3600	5,740	0	PT
93.226		60030497 UW AM01	3600	22,813	0	PT
93.226		60031412 UW	3600	26,223	0	PT
93.226		60031412 UW AM01	3600	33,235	0	PT
93.226		AHRQ-001	3600	32,317	0	PT
93.226		FP047367-B AM01	3600	114,374	0	PT
93.226		PO# 1098155	3600	16,292	0	PT
93.226		SUBCONTRACT AM03	3600	19,436	0	PT
93.226		SUBCONTRACT AM06	3600	77,850	0	PT
93.226		T148123 AM02	3600	25,921	0	PT
93.226		WA00141925/RFS2014086	3600	37,865	0	PT
<b>Federal Program 93.226 Total</b>				<b>4,442,927</b>	<b>585,731</b>	
<b>Agency for Health Care Policy and Research Total</b>				<b>4,810,093</b>	<b>585,731</b>	
93.233	National Center on Sleep Disorders Research	20130078701	3650	15,290	0	PT
<b>Federal Program 93.233 Total</b>				<b>15,290</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.242	Mental Health Research Grants		3600	13,630,138	1,219,171	
93.242		0255-6411-4609	3600	5,221	0	PT
93.242		1 R25 MH 099132-01	3600	22,208	0	PT
93.242		10001SUB MOD05	3600	18,284	0	PT
93.242		10328SUB MOD01	3600	504	0	PT
93.242		10728SUB MOD01	3600	51,570	0	PT
93.242		10955SUB	3600	6,833	0	PT
93.242		12-NIH-1091 AM02	3600	117,958	0	PT
93.242		201121762-03	3600	511,182	0	PT
93.242		201223026-01	3600	18,408	0	PT
93.242		222572	3600	83,418	0	PT
93.242		4R25MH099132-02	3600	77,045	0	PT
93.242		5-33749	3600	23,473	0	PT
93.242		7945SC	3600	13,383	0	PT
93.242		A06-102 DIAMOND, MOD05	3600	(10,560)	0	PT
93.242		JHUPO2001624392MOD02	3600	7,011	0	PT
93.242		M13A11468A08970AM01	3600	8,765	0	PT
93.242		SUB0800037 AM06	3600	37,447	0	PT
93.242		SUB0800044 AM05	3600	8,434	0	PT
93.242		T073487	3600	296,178	0	PT
93.242		T092029	3600	66,021	0	PT
93.242		TUL-HSC-487-13/14	3600	210,030	0	PT
93.242		WU-12-281-MOD-4 AM04	3600	24,775	0	PT
93.242			3650	637,840	88,114	
93.242		0000505700	3650	83,458	0	PT
93.242		5R01MH04125625	3650	32,999	0	PT
93.242			3800	76,354	0	
<b>Federal Program 93.242 Total</b>				<b>16,058,377</b>	<b>1,307,285</b>	
<b>National Institutes of Health Total</b>				<b>16,073,667</b>	<b>1,307,285</b>	
93.262	Occupational Safety and Health Program		2350	585,110	0	
93.262			3600	3,727,891	506,424	
93.262		005180AM05POL124500062	3600	2,201	0	PT
93.262		1935 G PA501 AM02	3600	23,649	0	PT
93.262		500326-78050 MOD02	3600	160,255	0	PT
93.262		R799210	3650	7,578	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**Dept of Health & Human Services**

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93.262	Occupational Safety and Health Program	R867271	3650	6,580	0	PT
93.262		3005-011-02 Amend #1	3700	29,296	0	PT
93.262		303-011-02 Amend #1	3700	9,140	0	PT
<b>Federal Program 93.262 Total</b>				<b>4,551,700</b>	<b>506,424</b>	
<b>Centers for Disease Control and Prevention Total</b>				<b>4,551,700</b>	<b>506,424</b>	
93.271	Alcohol Research Career Development Awards for Sci		3600	64,340	0	
93.271			3650	137,110	0	
<b>Federal Program 93.271 Total</b>				<b>201,450</b>	<b>0</b>	
93.272	Alcohol National Research Service Awards for Resea		3600	26,441	0	
<b>Federal Program 93.272 Total</b>				<b>26,441</b>	<b>0</b>	
93.273	Alcohol Research Programs		3600	7,831,060	773,658	
93.273		1002432_UW	3600	62,525	0	PT
93.273		1002432_UW AM01	3600	36,356	0	PT
93.273		2012121499	3600	1,502	0	PT
93.273		2013165591PR5R01AA0187	3600	9,496	0	PT
93.273		4046 MOD05	3600	78,729	0	PT
93.273		4332-UW-DHHS-2529 AM04	3600	141,998	0	PT
93.273		69951-10233	3600	14,355	0	PT
93.273		R-12-0031 AM02	3600	9,569	0	PT
93.273		R-12-0031 AM03	3600	79,562	0	PT
93.273		ST19CSC11SIBCR	3600	18,236	0	PT
93.273			3650	336,617	0	
<b>Federal Program 93.273 Total</b>				<b>8,620,005</b>	<b>773,658</b>	
93.279	Drug Abuse and Addiction Research Programs	B02B20	3000	57,513	0	PT
93.279		B03C30	3000	6,552	0	PT
93.279			3600	13,358,017	1,214,824	
93.279		#24215 MOD05	3600	16,436	0	PT
93.279		10796SUB MOD01	3600	37,703	0	PT
93.279		37223 AM02	3600	3,589	0	PT
93.279		37223 AM03	3600	31,258	0	PT
93.279		559642 AM01	3600	106,371	0	PT
93.279		5R01DA025651 MOD04	3600	136,270	0	PT
93.279		A80120	3600	16,821	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**Dept of Health & Human Services**

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93.279	Drug Abuse and Addiction Research Programs	MOD02PRIME5R01DA025651	3600	210,905	0	PT
93.279		MOD03PRIME5R01DA025651	3600	78,838	0	PT
93.279		NDRI PROJECT 618D	3600	17,229	0	PT
93.279		NWIC# 24214 MOD04	3600	13,584	0	PT
93.279		PO 5-50680	3600	9,850	0	PT
93.279		PRIME1R25DA03160802AM0	3600	4,629	0	PT
93.279		PT103743-SC101985 AM06	3600	112,206	0	PT
93.279		R86202 AM01	3600	18,100	0	PT
93.279		SR00002142 AM02	3600	38,845	0	PT
93.279			3650	1,053,164	311,051	
93.279		13400212645	3650	60,216	0	PT
93.279		R01DA015966	3650	13,530	0	PT
93.279			3800	116,413	0	
<b>Federal Program 93.279 Total</b>				<b>15,518,039</b>	<b>1,525,875</b>	
93.281	Mental Health Research Career/Scientist Developmen		3600	426,678	2,090	
<b>Federal Program 93.281 Total</b>				<b>426,678</b>	<b>2,090</b>	
93.282	Mental Health National Research Service Awards For		3600	390,743	0	
93.282		1294	3600	61,829	0	PT
<b>Federal Program 93.282 Total</b>				<b>452,572</b>	<b>0</b>	
<b>National Institutes of Health Total</b>				<b>25,245,185</b>	<b>2,301,623</b>	
93.283	Centers for Disease Control and Prevention_investi		3600	43,395	0	
93.283		101820 AM03	3600	17,577	0	PT
93.283		1722013	3600	102,766	0	PT
93.283		CDC.1654-02-05840-SUB	3600	5,854	0	PT
93.283		CDC.1654-06513-SUB	3600	5,996	0	PT
93.283		HC791800	3600	17,384	0	PT
<b>Federal Program 93.283 Total</b>				<b>192,972</b>	<b>0</b>	
<b>Centers for Disease Control and Prevention Total</b>				<b>192,972</b>	<b>0</b>	
93.286	Discovery and Applied Research for Technological I		3600	6,699,814	296,803	
93.286		00007673 AM03	3600	153,055	0	PT
93.286		3RD13 AM03	3600	70,438	0	PT
93.286		A66450	3600	8,406	0	PT
93.286		A78130	3600	112,580	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.286	Discovery and Applied Research for Technological I	NIH16510206104CRTAM01	3600	5,968	0	PT
93.286		NIH17290105716SUBAM01	3600	26,739	0	PT
93.286		T087260	3600	54,367	0	PT
93.286		UW BUD# 666340	3600	26,608	0	PT
93.286		UW OSP #A78020	3600	39,506	0	PT
93.286			3650	492,897	0	
<b>Federal Program 93.286 Total</b>				<b>7,690,378</b>	<b>296,803</b>	
93.307	Minority Health and Health Disparities Research		3600	2,030,325	196,434	
93.307		FY14.001.010	3600	40,927	0	PT
93.307			3650	1,323,144	647,899	
<b>Federal Program 93.307 Total</b>				<b>3,394,396</b>	<b>844,333</b>	
93.310	Trans-NIH Research Support		3600	4,961,745	58,360	
93.310		0000750748 AM01	3600	(51)	0	PT
93.310		1 UH2 TR 000966-01	3600	1,010,157	0	PT
93.310		2013163266	3600	12,476	0	PT
93.310		203-3161	3600	24,717	0	PT
93.310		203-3161 AM01	3600	49,962	0	PT
93.310		8 U54 GM 103511-08	3600	7,527	0	PT
93.310		PRIME #5R24TW008907-03	3600	8,431	0	PT
93.310		PRIME #5R24TW008907-04	3600	112,893	0	PT
<b>Federal Program 93.310 Total</b>				<b>6,187,857</b>	<b>58,360</b>	
93.333	Health & Human Services Dept	SCF2013-087	3600	50,600	0	PT
<b>Federal Program 93.333 Total</b>				<b>50,600</b>	<b>0</b>	
93.350	National Cntr for Advancing Translational Sciences		3600	13,752,549	2,553,034	
<b>Federal Program 93.350 Total</b>				<b>13,752,549</b>	<b>2,553,034</b>	
93.351	Research Infrastructure Programs		3600	22,299,249	151,639	
93.351		POA000155391A14007879A	3600	75,880	0	PT
93.351		T085692	3600	399,953	0	PT
93.351			3650	303,725	0	
<b>Federal Program 93.351 Total</b>				<b>23,078,807</b>	<b>151,639</b>	
93.361	Nursing Research		3600	3,928,096	232,081	
93.361		10171SUB MOD05	3600	165,817	0	PT
93.361		1215006 AM02	3600	94,760	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



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93.361	Nursing Research	20001433044 AM02	3600	13,811	0	PT
93.361		20001433044 AM03	3600	5,128	0	PT
93.361		2039925 AM03	3600	2,490	0	PT
93.361		217966 AM03	3600	17,622	0	PT
93.361		4600412829-AM07	3600	31,535	0	PT
93.361		5600848534	3600	40,224	0	PT
93.361		C00043419-2	3600	42,557	0	PT
93.361			3800	47,620	0	
<b>Federal Program 93.361 Total</b>				<b>4,389,660</b>	<b>232,081</b>	
93.389	National Center for Research Resources		3600	1,356,130	275,480	
93.389		151208.0009 AM01	3600	2,948	0	PT
93.389			3650	109,076	0	
<b>Federal Program 93.389 Total</b>				<b>1,468,154</b>	<b>275,480</b>	
93.393	Cancer Cause and Prevention Research		3600	8,756,513	2,164,463	
93.393		0000718419 AM01	3600	1,749	0	PT
93.393		0000719489 AMO2	3600	2,236	0	PT
93.393		0000721527 AM02	3600	17,137	0	PT
93.393		0000745471	3600	(206)	0	PT
93.393		0000752844	3600	5,261	0	PT
93.393		0000752886	3600	4,391	0	PT
93.393		0000753456PRIMECA13424	3600	1,292	0	PT
93.393		0000755014	3600	12,681	0	PT
93.393		0000755789	3600	10,638	0	PT
93.393		0000756002	3600	960	0	PT
93.393		0000756133 AM01	3600	9,059	0	PT
93.393		0000756402	3600	(404)	0	PT
93.393		0000760218 AM01	3600	1,392,523	0	PT
93.393		0000765835 AM01	3600	51,132	0	PT
93.393		0000765864	3600	53,608	0	PT
93.393		0000770654	3600	5,786	0	PT
93.393		0000775624	3600	12,395	0	PT
93.393		0000778568 AM01	3600	47,190	0	PT
93.393		0000778625	3600	32,008	0	PT
93.393		0000779798 AM01	3600	14,471	0	PT
93.393		0000784792	3600	44,473	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.393	Cancer Cause and Prevention Research	0000784935 AM02	3600	82,411	0	PT
93.393		0000785650PR5U01CA1633	3600	16,543	0	PT
93.393		0000785702	3600	23,591	0	PT
93.393		0000785703	3600	31,615	0	PT
93.393		0000788258	3600	11,933	0	PT
93.393		0000788266	3600	26,228	0	PT
93.393		0000788393	3600	47,894	0	PT
93.393		0000792971	3600	5,217	0	PT
93.393		08JDEAR-01-UW AM06	3600	6,497	0	PT
93.393		08JDEAR-01-UW AM07	3600	4,719	0	PT
93.393		115-9341-UW-S1 AM01	3600	24,398	0	PT
93.393		12LKUSH-04-UW-S1	3600	12,841	0	PT
93.393		217156 AM04	3600	48,455	0	PT
93.393		217156AM05PRIME5U01CA1	3600	177,284	0	PT
93.393		22390.914991.6698 AM01	3600	10,570	0	PT
93.393		4R42CA14187502AM04	3600	68,849	0	PT
93.393		756966	3600	5,096	0	PT
93.393		785959	3600	10,758	0	PT
93.393		CA154292-02-UW	3600	50,439	0	PT
93.393		CA15429202UW5P01CA1542	3600	23,708	0	PT
93.393		CA15429203UW5P01CA1542	3600	133,967	0	PT
93.393		PSA-BENKESER-621703	3600	6,714	0	PT
93.393			3650	146,424	0	
93.393		4304626A	3650	12,227	0	PT
93.393		VUMC38944	3650	66,666	0	PT
<b>Federal Program 93.393 Total</b>				<b>11,529,937</b>	<b>2,164,463</b>	
93.394	Cancer Detection and Diagnosis Research		3600	9,150,905	1,755,756	
93.394		0000769185	3600	8,860	0	PT
93.394		0000771917 AM01	3600	79,467	0	PT
93.394		0000774518	3600	37,736	0	PT
93.394		0000774518 AM01	3600	25,988	0	PT
93.394		0000776834	3600	3,268	0	PT
93.394		0000783794	3600	14,128	0	PT
93.394		0000784994	3600	43,066	0	PT
93.394		0000785962	3600	35,644	0	PT

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93.394	Cancer Detection and Diagnosis Research	0000803306	3600	14,019	0	PT
93.394		1454 AM02	3600	3,715	0	PT
93.394		1454 AM03	3600	33,457	0	PT
93.394		1584 AM01	3600	12,803	0	PT
93.394		3001942556 AM05	3600	(319)	0	PT
93.394		303-5419 AM05	3600	83,213	0	PT
93.394		4221	3600	15,032	0	PT
93.394		6610202-5500000433	3600	23,035	0	PT
93.394		66102035500000433MOD03	3600	129,882	0	PT
93.394		ACRIN6685	3600	7,733	0	PT
93.394		K000683-00-S01 MOD02	3600	11,365	0	PT
93.394		N002338901 AM02	3600	34,025	0	PT
93.394		SUBAWARD# 1347 AM01	3600	76,045	0	PT
93.394		UW BUD# 666116	3600	6,665	0	PT
93.394		UW BUD# 666259	3600	10,000	0	PT
93.394		UWSUB1R43CA16544201A1	3600	57,662	0	PT
93.394		W000420810PO1001081261	3600	150,422	0	PT
93.394			3650	365,345	203,117	
<b>Federal Program 93.394 Total</b>				<b>10,433,161</b>	<b>1,958,873</b>	
93.395	Cancer Treatment Research		3600	3,707,441	851,899	
93.395		0000718704 AM02	3600	2,051	0	PT
93.395		0000731871 AM02	3600	701	0	PT
93.395		0000754340	3600	976	0	PT
93.395		0000754342	3600	22,694	0	PT
93.395		0000754343	3600	1,179	0	PT
93.395		0000754348	3600	3,178	0	PT
93.395		0000755496	3600	1,117	0	PT
93.395		0000755851 AM01	3600	50,295	0	PT
93.395		0000756738	3600	129,831	0	PT
93.395		0000764733 AM01	3600	56,391	0	PT
93.395		0000767091	3600	3,496	0	PT
93.395		0000768445 AM03	3600	64,341	0	PT
93.395		0000768693 AM01	3600	15,233	0	PT
93.395		0000769885PR5P01CA0789	3600	(626)	0	PT
93.395		0000772556 AM02	3600	64,206	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.395	Cancer Treatment Research	00007781171	3600	49,072	0	PT
93.395		0000779672	3600	6,363	0	PT
93.395		0000781167	3600	233,332	0	PT
93.395		0000781168	3600	21,856	0	PT
93.395		0000781170	3600	2,612	0	PT
93.395		0000784993	3600	3,965	0	PT
93.395		0000785646	3600	742,604	0	PT
93.395		0000791010 AM01	3600	39,121	0	PT
93.395		0000800487 AM01	3600	12,955	0	PT
93.395		1004031	3600	42,456	0	PT
93.395		2 P01 CA 029605 AM06	3600	5,426	0	PT
93.395		2013-001	3600	84,554	0	PT
93.395		FP13013_SUB310_01 AM01	3600	179,543	0	PT
93.395		SA1300990	3600	993	0	PT
93.395			3650	665,947	176,801	
<b>Federal Program 93.395 Total</b>				<b>6,213,303</b>	<b>1,028,700</b>	
93.396	Cancer Biology Research		3600	4,107,821	915,958	
93.396		0000765836 AM01	3600	10,882	0	PT
93.396		0000783886	3600	21,933	0	PT
93.396		0000790544	3600	12,873	0	PT
93.396		0000798536	3600	6,712	0	PT
93.396		01026706	3600	72,198	0	PT
93.396		01026710	3600	159,188	0	PT
93.396		01027363 AM01	3600	51,404	0	PT
93.396		66102125500000403MOD03	3600	172,427	0	PT
93.396		IN-4685210-UW	3600	(3,022)	0	PT
93.396		UWCMNIH10402251AM02	3600	52,137	0	PT
<b>Federal Program 93.396 Total</b>				<b>4,664,553</b>	<b>915,958</b>	
93.397	Cancer Centers Support Grants		3600	714,709	216,189	
93.397		0000751166 AM01	3600	(6,983)	0	PT
93.397		0000751172 AM01	3600	(666)	0	PT
93.397		0000754736	3600	24,960	0	PT
93.397		0000754780	3600	37,050	0	PT
93.397		0000756737 AM01	3600	10,344	0	PT
93.397		0000764696 AM01	3600	147,727	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

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93.397	Cancer Centers Support Grants	0000764698 AM01	3600	35,776	0	PT
93.397		0000764741 AM01	3600	49,523	0	PT
93.397		0000764751 AM01	3600	67,629	0	PT
93.397		0000764759 AM01	3600	78,671	0	PT
93.397		0000764785 AM001	3600	82,630	0	PT
93.397		0000764788 AM01	3600	31,774	0	PT
93.397		0000764790 AM01	3600	33,144	0	PT
93.397		0000764793 AM01	3600	13,949	0	PT
93.397		0000770557 AM01	3600	40,306	0	PT
93.397		0000770562	3600	49,331	0	PT
93.397		0000770570 AM01	3600	69,792	0	PT
93.397		0000770571 MOD01	3600	50,753	0	PT
93.397		0000770591	3600	74,222	0	PT
93.397		0000770593 AM01	3600	59,190	0	PT
93.397		0000770789 AM02	3600	52,160	0	PT
93.397		0000770790	3600	78,803	0	PT
93.397		0000771804 AM01	3600	55,278	0	PT
93.397		0000772447	3600	33,230	0	PT
93.397		0000777585 AM01	3600	26,794	0	PT
93.397		0000780785 AM01	3600	3,103	0	PT
93.397		0000781026 MOD01	3600	24,344	0	PT
93.397		0000782689 AM01	3600	101,223	0	PT
93.397		0000782902	3600	258,874	0	PT
93.397		0000783707 AM01	3600	187,653	0	PT
93.397		0000784473	3600	108,318	0	PT
93.397		0000784730	3600	50,548	0	PT
93.397		0000785417	3600	10,118	0	PT
93.397		0000785418	3600	11,844	0	PT
93.397		0000785420PR2P50CA9718	3600	71,765	0	PT
93.397		00007854232P50CA097186	3600	10,871	0	PT
93.397		0000785456	3600	100,688	0	PT
93.397		0000799686	3600	42,206	0	PT
93.397		0000799687	3600	12,654	0	PT
93.397		0000799688	3600	78,576	0	PT
93.397		0000799689	3600	24,586	0	PT
93.397		0000799690	3600	89,190	0	PT

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93.397	Cancer Centers Support Grants	0000799691	3600	34,610	0	PT
93.397		0000799692	3600	33,031	0	PT
93.397		0000799752	3600	61,518	0	PT
93.397		0000799753	3600	77,154	0	PT
93.397		0000799871	3600	10,998	0	PT
93.397		00007998725P30CA015704	3600	4,666	0	PT
93.397		0000799921	3600	319	0	PT
93.397		00008002775P30CA015704	3600	2,950	0	PT
93.397		200912673-03 AM04	3600	3,833	0	PT
93.397		5U54CA142157-4UWASH	3600	14,654	0	PT
93.397		5U54CA14215705UWASHAM0	3600	16,156	0	PT
<b>Federal Program 93.397 Total</b>				<b>3,356,546</b>	<b>216,189</b>	
93.398	Cancer Research Manpower		3600	4,341,426	79,059	
<b>Federal Program 93.398 Total</b>				<b>4,341,426</b>	<b>79,059</b>	
93.399	Cancer Control		3600	1,977,438	824,623	
93.399		0000724148 AM01	3600	1,710	0	PT
93.399		0000724388 AM02	3600	5,099	0	PT
93.399		0000725835 AM01	3600	1,131	0	PT
93.399		0000755713	3600	5,102	0	PT
93.399		0000755735	3600	23,640	0	PT
93.399		0000757213	3600	24,132	0	PT
93.399		0000757559	3600	16,227	0	PT
93.399		0000757560	3600	14,582	0	PT
93.399		0000766864 AM01	3600	29,952	0	PT
93.399		0000766888	3600	2,439	0	PT
93.399		0000766898PR5P50CA0971	3600	9,128	0	PT
93.399		0000772866	3600	36,559	0	PT
93.399		0000772892	3600	42,196	0	PT
93.399		0000782032	3600	23,153	0	PT
93.399		0000782043 AM01	3600	24,425	0	PT
93.399		0000782062 AM02	3600	72,837	0	PT
93.399		0000785419	3600	245,191	0	PT
93.399		0000804676	3600	4,766	0	PT
93.399		0000804677	3600	6,098	0	PT
93.399		3002149613 AM01	3600	571	0	PT

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93.399	Cancer Control	3002149613 AM03	3600	13,596	0	PT
93.399		3002149613 AM04	3600	148,571	0	PT
93.399		SELECT-08001	3600	(11,525)	0	PT
93.399		UW-YR27	3600	10	0	PT
93.399		UW-YR28 AM02	3600	31,372	0	PT
<b>Federal Program 93.399 Total</b>				<b>2,748,400</b>	<b>824,623</b>	
<b>National Institutes of Health Total</b>				<b>103,299,727</b>	<b>11,599,595</b>	
93.420	ARRA - Community Health Applied Research Network	UWAS2, AMEND 2	3600	46,408	0	PT
<b>Federal Program 93.420 Total</b>				<b>46,408</b>	<b>0</b>	
<b>Health Resources and Services Administration Total</b>				<b>46,408</b>	<b>0</b>	
93.508	Affordable Care Act Tribal Maternal, infant & Early	A71880 MOD02	3600	33,251	0	PT
<b>Federal Program 93.508 Total</b>				<b>33,251</b>	<b>0</b>	
93.564	Child Support Enforcement Research		3000	88,067	0	
<b>Federal Program 93.564 Total</b>				<b>88,067</b>	<b>0</b>	
<b>Administration for Children and Families Total</b>				<b>121,318</b>	<b>0</b>	
93.610	Health Care Innovation Awards (Hcia)	01-0113-UWAIMS AM01	3600	198,805	0	PT
93.610		3RJ32	3600	6,374	0	PT
93.610		3RJ32 AM01	3600	116,459	0	PT
<b>Federal Program 93.610 Total</b>				<b>321,638</b>	<b>0</b>	
<b>Centers for Medicare and Medicaid Services Total</b>				<b>321,638</b>	<b>0</b>	
93.647	Social Services Research and Demonstration		3600	14,865	0	
<b>Federal Program 93.647 Total</b>				<b>14,865</b>	<b>0</b>	
<b>Administration for Children and Families Total</b>				<b>14,865</b>	<b>0</b>	
93.701	ARRA - Trans-NIH Research Support		3600	1,693,572	419,786	
93.701		0000721274	3600	16,245	0	PT
93.701		1409	3600	(1,194)	0	PT
93.701		23789-15	3600	(88)	0	PT
93.701		325011.300001.80180	3600	2,282,990	0	PT
93.701		5UC2 HL103010-02	3600	(653)	0	PT
93.701		ACRIN 6688	3600	(11,525)	0	PT
93.701		CRB-DCR01-09-00291	3600	5,906	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.701	ARRA - Trans-NIH Research Support	SUBAWARD 2815108	3600	1,617	0	PT
93.701		SUBCONTRACTNO4221ACRIN	3600	47,302	0	PT
93.701		VUMC35940AMENDMENTNO1	3600	(86)	0	PT
93.701			3650	(445)	0	
93.701			3800	50,411	0	
<b>Federal Program 93.701 Total</b>				<b>4,084,052</b>	<b>419,786</b>	
<b>National Institutes of Health Total</b>				<b>4,084,052</b>	<b>419,786</b>	
93.727	Arra- Health Technology Beacon Communities	2997	3600	368	0	PT
<b>Federal Program 93.727 Total</b>				<b>368</b>	<b>0</b>	
93.728	ARRA Strategic Health Advanced Res Proj	0007512G (PROJECT 1)	3600	33,310	0	PT
93.728		2010-03958-09	3600	188,376	0	PT
<b>Federal Program 93.728 Total</b>				<b>221,686</b>	<b>0</b>	
<b>Office of the Secretary Total</b>				<b>222,054</b>	<b>0</b>	
93.740	Prevention Public Health Fund 2012 Viral Hepatitis		3600	88,158	0	
<b>Federal Program 93.740 Total</b>				<b>88,158</b>	<b>0</b>	
<b>Centers for Disease Control and Prevention Total</b>				<b>88,158</b>	<b>0</b>	
93.779	Centers for Medicare and Medicaid Services (Cms) R		1600	702,965	0	
<b>Federal Program 93.779 Total</b>				<b>702,965</b>	<b>0</b>	
<b>Centers for Medicare and Medicaid Services Total</b>				<b>702,965</b>	<b>0</b>	
93.837	Cardiovascular Diseases Research		3600	48,795,277	18,857,756	
93.837		0000744295	3600	(1)	0	PT
93.837		0000772726	3600	147,621	0	PT
93.837		0000779804PR5U01HL0999	3600	65,367	0	PT
93.837		0000786066	3600	46,736	0	PT
93.837		0000802102	3600	40,525	0	PT
93.837		000501008SC001PR2R01HL	3600	8,140	0	PT
93.837		0008215A AM03	3600	85,944	0	PT
93.837		1001073P26C10500NYUPG1	3600	(613)	0	PT
93.837		1005000-UW	3600	1,177	0	PT
93.837		105963 AM05	3600	171,844	0	PT
93.837		10693SUB MOD02	3600	220,809	0	PT
93.837		114149.5061569.0007	3600	61,676	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



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**Research and Development**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.837	Cardiovascular Diseases Research	12_8044_UW_13 AM01	3600	1,504,048	0	PT
93.837		14-210740-00-01 AM02	3600	54,129	0	PT
93.837		1407093655U34HL1150150	3600	7,303	0	PT
93.837		201222606-01 AM03	3600	31,492	0	PT
93.837		2039990 AM04	3600	69,530	0	PT
93.837		24225SUB50868 AM03	3600	77,608	0	PT
93.837		2R44HL08357803A2SUB1MO	3600	20,953	0	PT
93.837		2R44HL08357803A2SUB2MO	3600	95,168	0	PT
93.837		3001290982 AM05	3600	17,192	0	PT
93.837		3001598618 AM05	3600	35,494	0	PT
93.837		303-1586 AM05	3600	12,263	0	PT
93.837		4-0756	3600	3,469	0	PT
93.837		4500000679 AM02	3600	4,557	0	PT
93.837		5-32534 AM01	3600	259	0	PT
93.837		561102PRIME5U01HL10040	3600	140,417	0	PT
93.837		5R01HL09455504AM07	3600	162,251	0	PT
93.837		5U01HL08970903SICR04RE	3600	(1,507)	0	PT
93.837		5U01HL08970905SICR041	3600	37,218	0	PT
93.837		5U01HL08970905SICR05	3600	87,381	0	PT
93.837		60029331 UW AMO2	3600	19,940	0	PT
93.837		60029331 UW AO3	3600	1,644	0	PT
93.837		60041595-47512-A AM02	3600	36,811	0	PT
93.837		7738SC	3600	96,666	0	PT
93.837		A57620	3600	(228)	0	PT
93.837		GPEDC0036A SAHN AM04	3600	62,220	0	PT
93.837		M13A11482A08800AM02	3600	20,050	0	PT
93.837		M13A11482PRIMER01HL085	3600	57,753	0	PT
93.837		M14A11708 (A09355)	3600	63,393	0	PT
93.837		M14A11810(A09626)	3600	32,695	0	PT
93.837		MUSC14-019	3600	2,167	0	PT
93.837		P001435606 AM04	3600	125,502	0	PT
93.837		P663626609	3600	14,957	0	PT
93.837		P663626609 AM01	3600	3,153	0	PT
93.837		PO# 1001183543 AM01	3600	165,109	0	PT
93.837		PO#1001197016	3600	401,358	0	PT
93.837		QR852022 AM2	3600	(117)	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.837	Cardiovascular Diseases Research	QR852023 AM03	3600	30,017	0	PT
93.837		RES507061AM01PRIMEHL10	3600	(4,141)	0	PT
93.837		RES508303	3600	65,147	0	PT
93.837		RS20122296-04	3600	30,555	0	PT
93.837		RS20130511-01 AM01	3600	5,418	0	PT
93.837		RS20130511-01 AM04	3600	118,617	0	PT
93.837		SR00002293 AM01	3600	(1,357)	0	PT
93.837		SR00002712 AM01	3600	146,536	0	PT
93.837		T088768 AM01	3600	72,987	0	PT
93.837		WUHS 113873 AM04	3600	28,190	0	PT
93.837		WUHS114064WASHINGTONA	3600	12,290	0	PT
93.837		WU-14-236	3600	10,998	0	PT
93.837			3650	467,704	0	
<b>Federal Program 93.837 Total</b>				<b>54,089,761</b>	<b>18,857,756</b>	
93.838	Lung Diseases Research		3600	7,860,314	1,826,406	
93.838		0000758955	3600	68,661	0	PT
93.838		0000758955 AM01	3600	41,149	0	PT
93.838		0000760233	3600	2,312	0	PT
93.838		0000760233 AM02	3600	17,473	0	PT
93.838		1 (GG007619)	3600	32,001	0	PT
93.838		10216SUB MOD03	3600	11,922	0	PT
93.838		106476 AM01	3600	(238)	0	PT
93.838		112127.5048790 AM2	3600	36,704	0	PT
93.838		2001502917 AM02	3600	28,974	0	PT
93.838		2032352 AM02	3600	113,456	0	PT
93.838		3 (ACCT# 5-36361) AM05	3600	691	0	PT
93.838		4 (GG004022)	3600	27,927	0	PT
93.838		6020SC AM04	3600	1,648	0	PT
93.838		6020SC AM05	3600	11,902	0	PT
93.838		8 (GG006750-02) AM02	3600	86,515	0	PT
93.838		FY12106601 AM01	3600	589	0	PT
93.838		FY13106601 AM01	3600	713,618	0	PT
93.838		FY13199001	3600	114,510	0	PT
93.838		FY13199301	3600	126,805	0	PT
93.838		HL67939, AM04	3600	30,289	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.838	Lung Diseases Research	IN4624210UW	3600	3,041	0	PT
93.838		IN4687706UWPR5U01HL098	3600	34,887	0	PT
93.838		TO140660MOD06MASTERNO7	3600	515,486	0	PT
93.838		UW BUD# 634090	3600	2,894	0	PT
93.838		60035511WSU	3650	54,448	0	PT
<b>Federal Program 93.838 Total</b>				<b>9,937,978</b>	<b>1,826,406</b>	
93.839	Blood Diseases and Resources Research		3600	5,835,011	1,112,458	
93.839		0000765226 AM02	3600	107,002	0	PT
93.839		0000766568	3600	9,641	0	PT
93.839		0000785292 AM01	3600	21,477	0	PT
93.839		0000791419 AM01	3600	122,214	0	PT
93.839		000308405-001 AM05	3600	67,992	0	PT
93.839		10628SUB MOD03	3600	103,502	0	PT
93.839		10726SUB MOD01	3600	11,249	0	PT
93.839		10938SUB	3600	25,205	0	PT
93.839		785342PRIME5R01HL11621	3600	19,295	0	PT
93.839		802-UW-2013 AM01	3600	101,537	0	PT
93.839			3800	34,994	0	
<b>Federal Program 93.839 Total</b>				<b>6,459,119</b>	<b>1,112,458</b>	
93.846	Arthritis, Musculoskeletal and Skin Diseases Resea		3600	7,317,059	995,843	
93.846		0000747221	3600	43	0	PT
93.846		0000777557	3600	45,633	0	PT
93.846		20000100073 AM04	3600	(3,275)	0	PT
93.846		3002095759 AM03	3600	1,740	0	PT
93.846		3002423649PIAM03R01AR0	3600	185	0	PT
93.846			3650	803,340	289,750	
93.846		FY14.553.001AMD3	3700	9,252	0	PT
<b>Federal Program 93.846 Total</b>				<b>8,173,977</b>	<b>1,285,593</b>	
93.847	Diabetes Digestive Kidney Disease Extra		3600	21,968,722	2,472,868	
93.847		0000756451	3600	(23)	0	PT
93.847		0000790720	3600	183,573	0	PT
93.847		0000796543	3600	13,937	0	PT
93.847		0008705 (122323-1)	3600	(4,277)	0	PT
93.847		00087051229401AM01	3600	470,637	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Research and Development**

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.847	Diabetes Digestive Kidney Disease Extra	0012368 121764-1	3600	227,734	0	PT
93.847		0019692 (120794-5)	3600	328	0	PT
93.847		034816PR2R42DK079387	3600	833	0	PT
93.847		1 R43 DK 093070-01	3600	2,979	0	PT
93.847		1000119PROJECT867040AM	3600	3,324	0	PT
93.847		10019509-04 AM01	3600	10,640	0	PT
93.847		10019509-04 AM02	3600	24,940	0	PT
93.847		10019509-04 AM03	3600	104,541	0	PT
93.847		10662SUB	3600	14,091	0	PT
93.847		10662SUB MOD04	3600	624,464	0	PT
93.847		10820SUB	3600	13,675	0	PT
93.847		109748 AM01	3600	32,694	0	PT
93.847		109748 AM02	3600	51,748	0	PT
93.847		12-D17 AM04	3600	21,433	0	PT
93.847		12-D18 AM07	3600	2,033,572	0	PT
93.847		1553GPC5391DP3DK094311	3600	380,830	0	PT
93.847		223192 AM01	3600	24,284	0	PT
93.847		25034-14 AM01	3600	34,289	0	PT
93.847		25034-22 AM01	3600	53,574	0	PT
93.847		25034-23 AM01	3600	32,287	0	PT
93.847		2503433PR5U24DK0761690	3600	35,536	0	PT
93.847		25730-1 AM01	3600	30,238	0	PT
93.847		25732423U24DK07616908S	3600	5,949	0	PT
93.847		3001343695AM07U54DK083	3600	3,790	0	PT
93.847		38947675001P01DK054441	3600	311,875	0	PT
93.847		39676 AM01	3600	23,292	0	PT
93.847		5-33426 AM01	3600	3,018	0	PT
93.847		5-33711	3600	3,292	0	PT
93.847		5007632-SERV AM01	3600	18,052	0	PT
93.847		5007632-SERV AM02	3600	6,225	0	PT
93.847		6119-1144-00-AD MOD06	3600	186,785	0	PT
93.847		6119-1144-00-Z MOD07	3600	727,970	0	PT
93.847		6119-1276-00-AM	3600	11,725	0	PT
93.847		7623SC	3600	16,176	0	PT
93.847		8002SC	3600	53,012	0	PT
93.847		806216	3600	(415)	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
93.847	Diabetes Digestive Kidney Disease Extra	85285270X0813200MOD03	3600	52,939	0	PT
93.847		85285270X0813200MOD04	3600	110,978	0	PT
93.847		FY12197801	3600	20,966	0	PT
93.847		FY12197802	3600	17,761	0	PT
93.847		FY13106101	3600	27,333	0	PT
93.847		FY13106102	3600	60,742	0	PT
93.847		FY131897-02	3600	17,395	0	PT
93.847		FY13197801	3600	66,699	0	PT
93.847		GMO111131 AM02	3600	55,369	0	PT
93.847		GMO111131AM015U01DK583	3600	10,706	0	PT
93.847		IE64441-66977	3600	77,381	0	PT
93.847		JPA/PO# HR15HR12SIBCR	3600	86,241	0	PT
93.847		JPA/PO# KS121KS12SIBCR	3600	1,029	0	PT
93.847		JPA/PO#TG110MEIQ3SIBCR	3600	60,648	0	PT
93.847		JPA/PO#UK16UK13SIBCR	3600	31,370	0	PT
93.847		KS121LOVATC3SIBCR	3600	891	0	PT
93.847		KS121SCBE11SIBCR	3600	1,046	0	PT
93.847		KS121SCTD12SIBCR	3600	1,085	0	PT
93.847		KS121SOCHAJ3SIBCR	3600	5,593	0	PT
93.847		KS140-UW-1 MOD01	3600	418	0	PT
93.847		KS141-UW-2	3600	239,586	0	PT
93.847		M13A11502 (A09021)	3600	371	0	PT
93.847		M13A11502A09021AM01	3600	11,355	0	PT
93.847		N001447101	3600	2,382	0	PT
93.847		N001447101 AM01	3600	5,622	0	PT
93.847		N002174701	3600	3,870	0	PT
93.847		N002174701 AM01	3600	5,630	0	PT
93.847		OICB111041Z02B	3600	55,020	0	PT
93.847		OICB111041Z02 AM01	3600	8,376	0	PT
93.847		RES507531 AM02 REV	3600	5,177	0	PT
93.847		RES508324	3600	217,471	0	PT
93.847		RES508618 AM01	3600	5	0	PT
93.847		S-DPP1314-JB02	3600	464,675	0	PT
93.847		S-DPP1415-JB02	3600	237,547	0	PT
93.847		VUMC 42466	3600	27,076	0	PT
93.847		W000421367PO1001122954	3600	3,153	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.847	Diabetes Digestive Kidney Disease Extra	W000521196PO1001229975	3600	32,141	0	PT
93.847		WUHS 118224	3600	321,300	0	PT
93.847		WUHS 14113 AM08	3600	40,448	0	PT
93.847		WU11198PO2911630PAM054	3600	13,047	0	PT
93.847			3650	1,727,202	0	
93.847		NIDDK20110001	3650	46,583	0	PT
93.847			3750	85,931	0	
<b>Federal Program 93.847 Total</b>				<b>32,021,907</b>	<b>2,472,868</b>	
93.848	Health & Human Services Dept		3600	105,355	0	
<b>Federal Program 93.848 Total</b>				<b>105,355</b>	<b>0</b>	
93.849	Health & Human Services Dept		3600	115,104	0	
93.849		IUPUI4682197UWASH AM05	3600	262,947	0	PT
<b>Federal Program 93.849 Total</b>				<b>378,051</b>	<b>0</b>	
93.853	Extramural Research Programs In the Neurosciences		3600	18,945,449	2,499,718	
93.853		0000770105	3600	172,168	0	PT
93.853		0000798271	3600	43,140	0	PT
93.853		000377209-038 AM03	3600	(5)	0	PT
93.853		0030451 (123192-3)	3600	17,052	0	PT
93.853		0030451(123192)	3600	12,499	0	PT
93.853		01026743 AM01	3600	3,705	0	PT
93.853		0255661146091U01NS0866	3600	203,630	0	PT
93.853		100104PORGC0000000128A	3600	130,915	0	PT
93.853		10316345-002	3600	8,821	0	PT
93.853		10316345-003	3600	31,968	0	PT
93.853		115-9241-01 AM01	3600	27,673	0	PT
93.853		203-2297	3600	8,347	0	PT
93.853		203-2297 AM01	3600	11,379	0	PT
93.853		203-3334	3600	11,636	0	PT
93.853		203-3676 AM01	3600	79,066	0	PT
93.853		208248AM04R01NS0597270	3600	(8,004)	0	PT
93.853		60026665 UW AM02	3600	91	0	PT
93.853		60026665 UW AM03	3600	48,940	0	PT
93.853		60030115 UW AM03	3600	196,173	0	PT
93.853		6495SC AM04	3600	(1,521)	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.853	Extramural Research Programs In the Neurosciences	6495SC AM05	3600	41,813	0	PT
93.853		7150SC AM01	3600	3,233	0	PT
93.853		7150SC AM02	3600	11,829	0	PT
93.853		7891SC	3600	57,183	0	PT
93.853		9008346-UWHMC	3600	3,898	0	PT
93.853		9008346_UWHMC	3600	20,218	0	PT
93.853		9008715_HMC	3600	256	0	PT
93.853		9008715_HMC AM01	3600	644	0	PT
93.853		AAIRC0023A AM02	3600	(3,331)	0	PT
93.853		AAIRC0023A AM03	3600	39,616	0	PT
93.853		AAIRC0023A AM04	3600	18,140	0	PT
93.853		GMO 120114 AM01	3600	5,198	0	PT
93.853		H38B11-01 AM02	3600	60,386	0	PT
93.853		H38B11-02 AM01	3600	2,276	0	PT
93.853		N001257301 AM03	3600	4,869	0	PT
93.853		NS044163-UNIV OF WA	3600	65,573	0	PT
93.853		PO# 1461762 AM01	3600	57,290	0	PT
93.853		PR5R01NS03592911AM01	3600	(153)	0	PT
93.853		S971999 AM01	3600	12,372	0	PT
93.853		T091872 AM02	3600	36,056	0	PT
93.853		W000311706 AM14	3600	(2,126)	0	PT
93.853			3650	695,994	13,731	
<b>Federal Program 93.853 Total</b>				<b>21,074,356</b>	<b>2,513,449</b>	
93.855	Allergy, Immunology and Transplantation Research		3600	59,164,213	9,726,676	
93.855		0000739400 AM02	3600	6,886	0	PT
93.855		0000744762 AM01	3600	84,358	0	PT
93.855		0000747659	3600	(132)	0	PT
93.855		0000748478	3600	5,723	0	PT
93.855		0000748481 AM01	3600	170,597	0	PT
93.855		0000748516	3600	498	0	PT
93.855		0000748867 AM01	3600	421	0	PT
93.855		0000748870	3600	224,030	0	PT
93.855		0000748870 AM02	3600	1,167,497	0	PT
93.855		0000749583 AM01	3600	328,301	0	PT
93.855		0000749607 AM02	3600	331,128	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.855	Allergy, Immunology and Transplantation Research	0000750091 AM02	3600	30,882	0	PT
93.855		0000750158 AM02	3600	11,606	0	PT
93.855		0000750159 AM02	3600	35,739	0	PT
93.855		0000750383	3600	6,199	0	PT
93.855		0000751598 AM01	3600	7,221	0	PT
93.855		0000751687	3600	20,936	0	PT
93.855		0000751832 AM01	3600	(159,926)	0	PT
93.855		0000761042 AM01	3600	216,000	0	PT
93.855		0000761408 AM01	3600	176,850	0	PT
93.855		0000762014	3600	99	0	PT
93.855		0000763849 AM02	3600	358,529	0	PT
93.855		0000765806 AM01	3600	19,312	0	PT
93.855		0000766720	3600	12,689	0	PT
93.855		0000767348	3600	16,041	0	PT
93.855		0000767707	3600	192,652	0	PT
93.855		0000769010	3600	113,718	0	PT
93.855		0000769700	3600	160,841	0	PT
93.855		0000772228	3600	276,774	0	PT
93.855		0000780233SUM1AI068614	3600	20,153	0	PT
93.855		0000780234	3600	20,153	0	PT
93.855		0000783277	3600	528,748	0	PT
93.855		0000783278	3600	26,277	0	PT
93.855		0000783907	3600	47,242	0	PT
93.855		0000783989	3600	39,941	0	PT
93.855		0000784336	3600	97,018	0	PT
93.855		0000784337	3600	18,890	0	PT
93.855		0000784339 AM01	3600	398,811	0	PT
93.855		0000784341	3600	3,732	0	PT
93.855		0000784932	3600	964,122	0	PT
93.855		0000785341	3600	92,837	0	PT
93.855		0000786672	3600	384,727	0	PT
93.855		0000788686	3600	201,569	0	PT
93.855		0000791198	3600	662,627	0	PT
93.855		0000791231 AM01	3600	434,998	0	PT
93.855		0000791232	3600	146,850	0	PT
93.855		0000791284	3600	6,851	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.855	Allergy, Immunology and Transplantation Research	0000791355	3600	42,379	0	PT
93.855		0000791569	3600	240,969	0	PT
93.855		0000791572 AM01	3600	93,037	0	PT
93.855		0000791700 AM01	3600	221,419	0	PT
93.855		0000796178	3600	2,113	0	PT
93.855		0000796748	3600	161,630	0	PT
93.855		0000797859	3600	44,233	0	PT
93.855		0000798456	3600	44,844	0	PT
93.855		0000800330	3600	32,147	0	PT
93.855		0000800331	3600	330,720	0	PT
93.855		0000800547	3600	5,779	0	PT
93.855		000384588-001 AM02	3600	713	0	PT
93.855		000384588-001 AM03	3600	66,302	0	PT
93.855		000384588-001 AM05	3600	108,631	0	PT
93.855		000384599-002 AM031	3600	(1,390)	0	PT
93.855		000397076-012 AM02	3600	70,422	0	PT
93.855		000397076-012 AM03	3600	92,147	0	PT
93.855		000397076-012 AM04	3600	685,201	0	PT
93.855		000421524-002 AM01	3600	(4,888)	0	PT
93.855		000421524-002 AM02	3600	153,684	0	PT
93.855		0010255 (123113-1)	3600	74,070	0	PT
93.855		0022494 (119409-3)AM01	3600	8,551	0	PT
93.855		00224941194092AM01	3600	3,781	0	PT
93.855		1 (GG008377)	3600	437,777	0	PT
93.855		10009618-UW-01 MOD01	3600	44,712	0	PT
93.855		10189SUB AM03	3600	(4,542)	0	PT
93.855		10293192, AM06	3600	14,998	0	PT
93.855		10330SUB MOD03	3600	53,424	0	PT
93.855		104281, AM04	3600	(32,214)	0	PT
93.855		10590SUB	3600	235,188	0	PT
93.855		10590SUB MOD01	3600	153,656	0	PT
93.855		10788SUB	3600	15,862	0	PT
93.855		108079 AM01	3600	135,809	0	PT
93.855		108081 AM03	3600	233,939	0	PT
93.855		108085 AM01	3600	2,449	0	PT
93.855		108088 AM02	3600	20,423	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.855	Allergy, Immunology and Transplantation Research	108279 MOD01	3600	4,263	0	PT
93.855		108364	3600	19,731	0	PT
93.855		108406 MOD01	3600	58,694	0	PT
93.855		108561 MOD02	3600	30,791	0	PT
93.855		10913SUB	3600	206,081	0	PT
93.855		109668-5066267	3600	1,898	0	PT
93.855		10972SUB	3600	9,047	0	PT
93.855		109927 MOD01	3600	154,398	0	PT
93.855		109930 MOD01	3600	130,266	0	PT
93.855		110007	3600	900	0	PT
93.855		110009 AM01	3600	3,239	0	PT
93.855		110014	3600	4,585	0	PT
93.855		11122122 AM02	3600	7,789	0	PT
93.855		13010010-2	3600	44,201	0	PT
93.855		13020246-2 AM01	3600	(5,710)	0	PT
93.855		14020168AM015R21AI1002	3600	77,028	0	PT
93.855		16010	3600	161,388	0	PT
93.855		171K765 AM04	3600	197,776	0	PT
93.855		191675W AM03	3600	754,035	0	PT
93.855		2001317198, MOD 4	3600	386,085	0	PT
93.855		2002078835	3600	2,243	0	PT
93.855		2002131144	3600	2,773	0	PT
93.855		2002150083	3600	5,011	0	PT
93.855		201223949-01 AM02	3600	11,089	0	PT
93.855		201223949-01 AM1	3600	146,406	0	PT
93.855		22206046C	3600	27,398	0	PT
93.855		22206046C AM02	3600	139,624	0	PT
93.855		23069-21	3600	(166)	0	PT
93.855		23069-50	3600	86,964	0	PT
93.855		23570-114063 AM04	3600	45,146	0	PT
93.855		31057M AM01	3600	102,354	0	PT
93.855		3470 MOD03	3600	104,888	0	PT
93.855		4626 P:1 U19 AI082639	3600	263,946	0	PT
93.855		4642	3600	18,812	0	PT
93.855		490K066 MOD 01	3600	24,274	0	PT
93.855		5-33047	3600	77,668	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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June 30, 2014  
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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.855	Allergy, Immunology and Transplantation Research	5-33047 AM01	3600	374,074	0	PT
93.855		5-33051	3600	183,816	0	PT
93.855		5-33051 AM01	3600	833,559	0	PT
93.855		5-33053	3600	44,187	0	PT
93.855		5-33053 AM01	3600	224,077	0	PT
93.855		5-33571	3600	16,391	0	PT
93.855		5-50817 AM05	3600	(53)	0	PT
93.855		60036897 AM01	3600	176,095	0	PT
93.855		6143803RFS2013031AM02	3600	548,903	0	PT
93.855		7364SC	3600	8,121	0	PT
93.855		7364SC AM01	3600	8,247	0	PT
93.855		766467	3600	22,186	0	PT
93.855		7828SC	3600	33,868	0	PT
93.855		8124 MOD04	3600	358,078	0	PT
93.855		9004157_UW_BEVAN	3600	223,088	0	PT
93.855		9004157_UW_GALE AM07	3600	268,444	0	PT
93.855		9004157_UW_KATZE	3600	491,666	0	PT
93.855		9004157UWLAGUNOFFAM04	3600	110,268	0	PT
93.855		9243 AM01	3600	327,331	0	PT
93.855		9265 AM01	3600	114,370	0	PT
93.855		9277 AM01	3600	195,547	0	PT
93.855		9323	3600	121,117	0	PT
93.855		971/0080.0173 AM03	3600	22,720	0	PT
93.855		AM01	3600	78,786	0	PT
93.855		AVGTI0103UOFWNKATZEAM0	3600	(3,335)	0	PT
93.855		CRA-2013-021	3600	46,395	0	PT
93.855		FB000499	3600	12,446	0	PT
93.855		FY11284002FY14284001AM	3600	132,526	0	PT
93.855		FY13109804	3600	127,395	0	PT
93.855		FY14109803	3600	22,802	0	PT
93.855		GMO130301 PO#386	3600	139,258	0	PT
93.855		GMO130301PO386AM01	3600	94,824	0	PT
93.855		IN-4689724-UW AM04	3600	62,702	0	PT
93.855		MMV06/0013	3600	28,366	0	PT
93.855		SP0007967PROJ0002212AM	3600	76,045	0	PT
93.855		SP0026886-PROJ0007064	3600	130,410	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.855	Allergy, Immunology and Transplantation Research	SUB 5 R01 AI 083060-03	3600	(11,396)	0	PT
93.855		SUB 5 R01 AI 083060-04	3600	10,845	0	PT
93.855		SUBPRIME1R01AI09083101	3600	3,207	0	PT
93.855		UW BUD# 661891	3600	881	0	PT
93.855		UW BUD# 662823	3600	26,412	0	PT
93.855		UW BUD# 666062	3600	127,529	0	PT
93.855		UW BUD# 668060	3600	41,574	0	PT
93.855		UW BUD# 669188	3600	20,662	0	PT
93.855		UW-12534 MOD03	3600	8,858	0	PT
93.855		UW-15517-A	3600	6,549	0	PT
93.855		UW-16062 MOD04	3600	150,404	0	PT
93.855		UWPC-15517-A	3600	7,091	0	PT
93.855		WA00123686RFS2014033AM	3600	883,193	0	PT
93.855			3650	2,042,419	0	
93.855		10685SUB	3650	357,288	0	PT
<b>Federal Program 93.855 Total</b>				<b>83,498,354</b>	<b>9,726,676</b>	
93.859	Biomedical Research and Research Training		3600	34,752,974	1,966,926	
93.859		10318834-002	3600	89,555	0	PT
93.859		10318834-003	3600	315,962	0	PT
93.859		114041-5026836 AM01	3600	29,119	0	PT
93.859		114041-5026836 AM02	3600	15,243	0	PT
93.859		3002786134	3600	28,484	0	PT
93.859		3002887843 AM01	3600	41,041	0	PT
93.859		31524J	3600	83,285	0	PT
93.859		48299071	3600	10,625	0	PT
93.859		5-30194 AM06	3600	95,504	0	PT
93.859		5-33659	3600	88,154	0	PT
93.859		5-33659 AM01	3600	22,198	0	PT
93.859		5R01GM09290002PRIME	3600	2,732	0	PT
93.859		5R01GM09290003024403	3600	32,613	0	PT
93.859		FY10,001-003 AMEND #2	3600	315	0	PT
93.859		FY13197601	3600	9,145	0	PT
93.859		GC11617-139123 AM01	3600	10,489	0	PT
93.859		PO-032173	3600	6,374	0	PT
93.859		PO-037192	3600	4,670	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.859	Biomedical Research and Research Training	PRIME5P50GM0945030303	3600	20,481	0	PT
93.859		SS1110000020434 AM01	3600	75,614	0	PT
93.859		UFDSP00010190 AM01	3600	243,907	0	PT
93.859		UW BUD# 664860	3600	18,076	0	PT
93.859		UW BUD# 667056	3600	223,961	0	PT
93.859		WATKINS RNA	3600	3,932	0	PT
93.859			3650	2,586,773	157,301	
93.859		WU11306	3650	74,958	0	PT
93.859		Sub#UF09051 A#4	3700	15,090	0	PT
93.859			3800	107,460	0	
93.859		681978	6990	40,247	0	PT
<b>Federal Program 93.859 Total</b>				<b>39,048,981</b>	<b>2,124,227</b>	
93.865	Child Health and Human Development Extramural Rese		3600	22,685,562	3,749,567	
93.865		0000747286AM015P01HD06	3600	68,613	0	PT
93.865		0000747305	3600	(201)	0	PT
93.865		0000767818	3600	827	0	PT
93.865		0000767820	3600	110,394	0	PT
93.865		0000772903	3600	28,753	0	PT
93.865		0000783262 AM02	3600	166,985	0	PT
93.865		0000783376 AM01	3600	171,004	0	PT
93.865		0000783376PR5P01HD0649	3600	161,272	0	PT
93.865		0000783378	3600	149,314	0	PT
93.865		0000783378 AM01	3600	131,158	0	PT
93.865		0000796248 AM1	3600	8,057	0	PT
93.865		0000796350 AM01	3600	9,913	0	PT
93.865		0000798538	3600	11,962	0	PT
93.865		0019692 (120794-6)	3600	214,331	0	PT
93.865		0024922 (124221-7)	3600	33,750	0	PT
93.865		002492212017110AM01	3600	1	0	PT
93.865		00249221228184AM01	3600	73,395	0	PT
93.865		10-0002 AM03	3600	106,437	0	PT
93.865		10255SUB MOD03	3600	31,433	0	PT
93.865		10286SUB MOD03	3600	10,168	0	PT
93.865		10478SUB MOD03	3600	53,806	0	PT
93.865		10479SUB MOD03	3600	27,150	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**Schedule of Expenditures of Federal Awards**

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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.865	Child Health and Human Development Extramural Rese	10893SUB	3600	24,692	0	PT
93.865		10988SUB	3600	1,903	0	PT
93.865		114119-5060443 AM01	3600	9,267	0	PT
93.865		114119.5060443	3600	1,432	0	PT
93.865		1215 G JB215 AM06	3600	57,231	0	PT
93.865		1304745K12HD00085029RE	3600	102,843	0	PT
93.865		1920 G RA131	3600	52,887	0	PT
93.865		2001426055 AM03	3600	8,695	0	PT
93.865		2001894994PR5U54HD0707	3600	6,954	0	PT
93.865		2013156365	3600	35,895	0	PT
93.865		5 R01 HD 0061400-03	3600	44,735	0	PT
93.865		5-33193	3600	30,051	0	PT
93.865		5-33193 AM01	3600	161,063	0	PT
93.865		5-33193 AM03	3600	302,214	0	PT
93.865		5-33285	3600	11,445	0	PT
93.865		5-51032 AM03	3600	(5,182)	0	PT
93.865		533193AM022R01HD055741	3600	138,943	0	PT
93.865		533193AM02PR5R01HD0557	3600	111,185	0	PT
93.865		5600716840	3600	(1,675)	0	PT
93.865		5600716840 AM02	3600	238,066	0	PT
93.865		60032241 UW AM02	3600	76,067	0	PT
93.865		60032241 UW AM03	3600	48,782	0	PT
93.865		60032241 UW AMA01	3600	(1,026)	0	PT
93.865		60499579-47273 AM01	3600	1,530	0	PT
93.865		684136	3600	(736)	0	PT
93.865		7023 AM02	3600	165,975	0	PT
93.865		747304	3600	1,517	0	PT
93.865		7810SCPR5R01HD07451102	3600	17,165	0	PT
93.865		F7432-02AM01	3600	55,634	0	PT
93.865		R01 HD 061400 MOD01	3600	15,713	0	PT
93.865		S-MFM1213-JB12 AM01	3600	15,169	0	PT
93.865		S-MFM1213-JB13 AM01	3600	93,489	0	PT
93.865		S-MFM1314-JB13	3600	10,016	0	PT
93.865		SR1317 AM02	3600	27,496	0	PT
93.865		U10HD057753 AM05	3600	63,993	0	PT
93.865		UW 803235A MOD05	3600	17,534	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.865	Child Health and Human Development Extramural Rese	UW BUD# 665381	3600	33,438	0	PT
93.865		UW BUD# 667936	3600	11,996	0	PT
93.865			3650	3,033,396	652,998	
93.865		1163405497759	3650	18,972	0	PT
93.865		14007799C00	3650	6,984	0	PT
93.865		5600653614	3650	84,949	0	PT
93.865		9003418005WSU	3650	(965)	0	PT
93.865			3800	73,481	0	
<b>Federal Program 93.865 Total</b>				<b>29,457,297</b>	<b>4,402,565</b>	
93.866	Aging Research		3600	19,391,087	3,109,178	
93.866		0000751935AM1U01AG0326	3600	17,959	0	PT
93.866		0000767844	3600	18,375	0	PT
93.866		0000783776	3600	158,054	0	PT
93.866		0012200 122381-6 AM03	3600	216,108	0	PT
93.866		0900012 AM05	3600	9,840	0	PT
93.866		10213SUB AM03	3600	13,758	0	PT
93.866		1355	3600	58,792	0	PT
93.866		1536 AM03	3600	10,245	0	PT
93.866		2000073393AM04	3600	(3)	0	PT
93.866		2012-2867	3600	3,501	0	PT
93.866		2012110766 MOD01	3600	7,747	0	PT
93.866		2012116175 MOD02	3600	43,292	0	PT
93.866		2012121176	3600	20,766	0	PT
93.866		2013132311 MOD01	3600	126,943	0	PT
93.866		2013156516	3600	33,133	0	PT
93.866		2014-3038	3600	4,409	0	PT
93.866		2014134622	3600	9,750	0	PT
93.866		3002473402 AM01	3600	213,940	0	PT
93.866		3002473402 AM02	3600	184,473	0	PT
93.866		310102 AM04	3600	29,585	0	PT
93.866		4500001378 AM01	3600	52,697	0	PT
93.866		5001680-02	3600	15,764	0	PT
93.866		5005011-SERV AM01	3600	144,273	0	PT
93.866		5005011SERVAM025R01AG0	3600	22,744	0	PT
93.866		5079924 /116519	3600	3,729	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.866	Aging Research	561036 AM02	3600	13,566	0	PT
93.866		561036AM02PR5U01AG3298	3600	24,474	0	PT
93.866		563259	3600	11,930	0	PT
93.866		6155-1030-00-A AM02	3600	94,669	0	PT
93.866		AG006781-25-UW	3600	157,354	0	PT
93.866		AG006781-26-UW	3600	727,207	0	PT
93.866		FY13001007FY14001004AM	3600	171,464	0	PT
93.866		FY13001007PROJ2574695	3600	5,603	0	PT
93.866		JPAPOPE1AG033133PE1SIB	3600	3,440	0	PT
93.866		JPAPOPE1AG033133SHOFER	3600	2,389	0	PT
93.866		PE1AG033133LG12SIBCR	3600	4,463	0	PT
93.866		POPE1AG033133SIKKEC2SI	3600	3,482	0	PT
93.866		SIAPS2011003TO08AM01	3600	37,915	0	PT
93.866		T083679	3600	24,508	0	PT
93.866		VUMC 40785 AM02	3600	22,950	0	PT
93.866		WFUHS 110918 AM01	3600	13,578	0	PT
93.866			3650	521,128	147,465	
<b>Federal Program 93.866 Total</b>				<b>22,651,081</b>	<b>3,256,643</b>	
93.867	Vision Research		3600	12,386,980	458,048	
93.867		00007517 AM04	3600	451,317	0	PT
93.867		1 (GG010289) AM01	3600	20,919	0	PT
93.867		1 R01 EY 022302-01	3600	15,740	0	PT
93.867		1002605_UW AM01	3600	93,672	0	PT
93.867		10315588-003	3600	33,730	0	PT
93.867		39543216-001	3600	95,823	0	PT
93.867		7271SC	3600	22,333	0	PT
93.867		9-29-03	3600	81,540	0	PT
93.867		N640615302, AM05	3600	6,513	0	PT
93.867		N640615302AM06P2R01EY0	3600	57,061	0	PT
93.867		PO#10317338-003	3600	282,604	0	PT
93.867			3650	149,680	0	
93.867		GCAEI0244A	3650	12,846	0	PT
93.867		GPHYP0181WSU	3650	8	0	PT
<b>Federal Program 93.867 Total</b>				<b>13,710,766</b>	<b>458,048</b>	
93.879	Medical Library Assistance		3600	1,528,620	20,201	

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, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.879	Medical Library Assistance	0040478 (124095-3)	3600	7,616	0	PT
93.879		UW BUD# 662794	3600	31,355	0	PT
<b>Federal Program 93.879 Total</b>				<b>1,567,591</b>	<b>20,201</b>	
<b>National Institutes of Health Total</b>				<b>322,174,574</b>	<b>48,056,890</b>	
93.933	Demonstration Projects for Indian Health	560101-20-415 AM01	3600	86,830	0	PT
93.933		PRIMEU261IHS00420401BH	3600	9,894	0	PT
93.933		U261IHS00360400SA04AM0	3600	32,070	0	PT
<b>Federal Program 93.933 Total</b>				<b>128,794</b>	<b>0</b>	
<b>Indian Health Service Total</b>				<b>128,794</b>	<b>0</b>	
93.941	HIV Demonstration, Research, Public and Profession		3600	609,298	0	
<b>Federal Program 93.941 Total</b>				<b>609,298</b>	<b>0</b>	
93.978	Preventive Health Services_sexually Transmitted DI		3600	621	0	
<b>Federal Program 93.978 Total</b>				<b>621</b>	<b>0</b>	
<b>Centers for Disease Control and Prevention Total</b>				<b>609,919</b>	<b>0</b>	
93.989	International Research and Research Training		3600	2,379,757	777,872	
93.989		3 R24 TW 008889-02S1	3600	7,458	0	PT
93.989		D43TW008438-04	3600	26,112	0	PT
93.989		PRIME5R24TW00888903	3600	40,986	0	PT
93.989		PRIME5R24TW00888904	3600	245,485	0	PT
93.989		UW BUD# 674822	3600	13,169	0	PT
93.989		VUMC 36924 AM03	3600	24,617	0	PT
93.989		VUMC 38425 AM01	3600	3,070	0	PT
93.989		VUMC 42068 AM01	3600	2,985	0	PT
93.989		VUMC 42070	3600	2,774	0	PT
93.989		VUMC 42129 AM02	3600	27,720	0	PT
93.989		VUMC 42513 AM02	3600	8,818	0	PT
93.989		VUMC 43017	3600	16,773	0	PT
<b>Federal Program 93.989 Total</b>				<b>2,799,724</b>	<b>777,872</b>	
<b>National Institutes of Health Total</b>				<b>2,799,724</b>	<b>777,872</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>544,554,095</b>	<b>71,308,225</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Homeland Security**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
97.002	Homeland Security		3650	(2,396)	0	
<b>Federal Program 97.002 Total</b>				<b>(2,396)</b>	<b>0</b>	
<b>Homeland Security Total</b>				<b>(2,396)</b>	<b>0</b>	
<b>Dept of Homeland Security Total</b>				<b>(2,396)</b>	<b>0</b>	

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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, 2014  
(Expressed in whole dollars)*

**Research and Development**

**U.S. Agency for International Development**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
98.000	Strengthening Afghan Agricultural Faculties (Saaf)	410600008000044906	3650	41,017	0	PT
98.000		GUAR29490475	3650	12,570	0	PT
98.000		RC102095	3650	89,019	0	PT
98.000		ROPAGREDSUB120003	3650	461,021	0	PT
<b>Federal Program 98.000 Total</b>				<b>603,627</b>	<b>0</b>	
<b>International Development Total</b>				<b>603,627</b>	<b>0</b>	
<b>U.S. Agency for International Development Total</b>				<b>603,627</b>	<b>0</b>	
<b>Research and Development Total</b>				<b>908,145,702</b>	<b>106,775,693</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Student Financial Assistance**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.007	Federal Supplemental Educational Opportunity Grant		3600	2,132,769	0	
84.007			3650	1,198,776	0	
84.007			3700	432,057	0	
84.007			3750	303,166	0	
84.007			3760	253,356	0	
84.007			6990	4,164,680	0	
<b>Federal Program 84.007 Total</b>				<b>8,484,804</b>	<b>0</b>	
84.033	Federal Work-Study Program		3600	1,810,245	0	
84.033			3650	944,108	0	
84.033			3700	447,381	0	
84.033			3750	348,318	0	
84.033			3760	344,822	0	
84.033			3800	502,783	0	
84.033			6990	4,649,449	0	
<b>Federal Program 84.033 Total</b>				<b>9,047,106</b>	<b>0</b>	
84.038	Federal Perkins Loan Program_federal Capital Contr		3600	10,857,498	0	
84.038			3600	49,270,348	0	OL
84.038			3650	17,451,351	0	OL
84.038			3650	2,560,011	0	
84.038			3700	979,662	0	
84.038			3700	4,847,638	0	OL
84.038			3750	1,212,455	0	
84.038			3750	7,105,113	0	OL
84.038			3760	779,863	0	
84.038			3760	4,136,420	0	OL
84.038			3800	1,682,862	0	
84.038			3800	8,579,988	0	OL
84.038			6990	1,607,787	0	OL
84.038			6990	232,178	0	
<b>Federal Program 84.038 Total</b>				<b>111,303,174</b>	<b>0</b>	
84.063	Federal Pell Grant Program		3600	47,589,449	0	
84.063			3650	33,653,099	0	
84.063			3700	20,018,706	0	
84.063			3750	16,779,199	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, 2014  
(Expressed in whole dollars)*

**Student Financial Assistance**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.063	Federal Pell Grant Program		3760	8,816,665	0	
84.063			3800	15,543,365	0	
84.063			6990	253,881,781	0	
<b>Federal Program 84.063 Total</b>				<b>396,282,264</b>	<b>0</b>	
84.268	Federal Direct Student Loans		3600	285,854,393	0	
84.268			3650	156,306,001	0	
84.268			3700	66,889,666	0	
84.268			3750	68,004,864	0	
84.268			3760	23,573,062	0	
84.268			3800	67,294,730	0	
84.268			6990	175,376,946	0	
<b>Federal Program 84.268 Total</b>				<b>843,299,662</b>	<b>0</b>	
84.379	Teacher Education Assistance for College and Highe		3750	233,458	0	
84.379			3760	18,752	0	
<b>Federal Program 84.379 Total</b>				<b>252,210</b>	<b>0</b>	
<b>Dept of Education Total</b>				<b>1,368,669,220</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Student Financial Assistance**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.264	Nurse Faculty Loan Program		3600	901,387	0	
93.264			3600	2,004,832	0	OL
<b>Federal Program 93.264 Total</b>				<b>2,906,219</b>	<b>0</b>	
93.342	Health Professions Student Loans, Including Primar		3600	12,297,196	0	OL
93.342			3600	322,584	0	
93.342			3650	2,145,134	0	OL
93.342			3650	281,013	0	
<b>Federal Program 93.342 Total</b>				<b>15,045,927</b>	<b>0</b>	
93.364	Nursing Student Loans		3600	2,248,848	0	OL
93.364			3650	2,149,654	0	OL
93.364			3650	462,270	0	
<b>Federal Program 93.364 Total</b>				<b>4,860,772</b>	<b>0</b>	
93.408	ARRA - Nurse Faculty Loan Program		3600	136,685	0	OL
<b>Federal Program 93.408 Total</b>				<b>136,685</b>	<b>0</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>22,949,603</b>	<b>0</b>	
<b>Student Financial Assistance Total</b>				<b>1,391,618,823</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**SNAP**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.551	SNAP - Food Stamps (C)		3000	1,589,246,012	0	NC
10.551			3000	2,107	0	
<b>Federal Program 10.551 Total</b>				<b>1,589,248,119</b>	<b>0</b>	
10.561	State Admin Match - Grants for SNAP		3000	82,180,495	5,130,435	
10.561		G054	6990	213,801	0	PT
10.561		G451	6990	61,725	0	PT
<b>Federal Program 10.561 Total</b>				<b>82,456,021</b>	<b>5,130,435</b>	
<b>Dept of Agriculture Total</b>				<b>1,671,704,140</b>	<b>5,130,435</b>	
<b>SNAP Total</b>				<b>1,671,704,140</b>	<b>5,130,435</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

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(Expressed in whole dollars)*

**Food Distribution**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.565	Commodity Supplemental Food Program		4950	382,741	350,484	
	<b>Federal Program 10.565 Total</b>			<b>382,741</b>	<b>350,484</b>	
10.568	Temp Emerg Food Assist - Admin		4950	1,524,724	1,366,078	
	<b>Federal Program 10.568 Total</b>			<b>1,524,724</b>	<b>1,366,078</b>	
10.569	Temp Emergency Food Assist		4950	10,015,078	10,015,078	NC
	<b>Federal Program 10.569 Total</b>			<b>10,015,078</b>	<b>10,015,078</b>	
	<b>Dept of Agriculture Total</b>			<b>11,922,543</b>	<b>11,731,640</b>	
	<b>Food Distribution Total</b>			<b>11,922,543</b>	<b>11,731,640</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Child Nutrition**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.553	School Breakfast Program		3500	50,952,889	50,952,889	
	<b>Federal Program 10.553 Total</b>			<b>50,952,889</b>	<b>50,952,889</b>	
10.555	National School Lunch Program		3500	189,312,560	189,312,560	
10.555			3500	22,634,862	22,575,166	NC
	<b>Federal Program 10.555 Total</b>			<b>211,947,422</b>	<b>211,887,726</b>	
10.556	Special Milk Program for Children		3500	257,385	257,385	
	<b>Federal Program 10.556 Total</b>			<b>257,385</b>	<b>257,385</b>	
10.559	Summer Food Service Program for Children		3500	5,198,028	4,996,547	
	<b>Federal Program 10.559 Total</b>			<b>5,198,028</b>	<b>4,996,547</b>	
	<b>Dept of Agriculture Total</b>			<b>268,355,724</b>	<b>268,094,547</b>	
	<b>Child Nutrition Total</b>			<b>268,355,724</b>	<b>268,094,547</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Fish and Wildlife**

**Dept of the Interior**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
15.605	Sport Fish Restoration Program		4770	6,912,849	0	
<b>Federal Program 15.605 Total</b>				<b>6,912,849</b>	<b>0</b>	
15.611	Wildlife Restoration and Basic Hunter Education	WSU002006	3650	93	0	PT
15.611			4770	9,617,331	0	
<b>Federal Program 15.611 Total</b>				<b>9,617,424</b>	<b>0</b>	
<b>Dept of the Interior Total</b>				<b>16,530,273</b>	<b>0</b>	
<b>Fish and Wildlife Total</b>				<b>16,530,273</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Employment Service**

**Dept of Labor**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
17.207	Employ Serv/Wagner-Peyser Funded		5400	16,536,805	0	
	<b>Federal Program 17.207 Total</b>			<b>16,536,805</b>	<b>0</b>	
17.801	Disabled Veterans' Outreach Program (Dvop)		5400	2,407,330	0	
	<b>Federal Program 17.801 Total</b>			<b>2,407,330</b>	<b>0</b>	
17.804	Local Veterans' Employment Representative Program		5400	2,202,908	0	
	<b>Federal Program 17.804 Total</b>			<b>2,202,908</b>	<b>0</b>	
	<b>Dept of Labor Total</b>			<b>21,147,043</b>	<b>0</b>	
	<b>Employment Service Total</b>			<b>21,147,043</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**WIA**

**Dept of Labor**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
17.258	WIA Adult Program		5400	15,645,951	15,167,897	
	<b>Federal Program 17.258 Total</b>			<b>15,645,951</b>	<b>15,167,897</b>	
17.259	WIA Youth Activities		5400	16,584,406	14,717,470	
	<b>Federal Program 17.259 Total</b>			<b>16,584,406</b>	<b>14,717,470</b>	
17.278	WIA Dislocated Worker Formula Grants		5400	19,399,493	19,134,913	
	<b>Federal Program 17.278 Total</b>			<b>19,399,493</b>	<b>19,134,913</b>	
	<b>Dept of Labor Total</b>			<b>51,629,850</b>	<b>49,020,280</b>	
	<b>WIA Total</b>			<b>51,629,850</b>	<b>49,020,280</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Federal Transit**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.500	Fedl Transit - Capital Invest Grants		4050	16,825,117	3,026,613	
<b>Federal Program 20.500 Total</b>				<b>16,825,117</b>	<b>3,026,613</b>	
20.507	Federal Transit Formula Grants		4050	1,248,390	0	
<b>Federal Program 20.507 Total</b>				<b>1,248,390</b>	<b>0</b>	
<b>Dept of Transportation Total</b>				<b>18,073,507</b>	<b>3,026,613</b>	
<b>Federal Transit Total</b>				<b>18,073,507</b>	<b>3,026,613</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Highway Safety**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.600	State and Community Highway Safety		2280	4,878,212	3,033,356	
	<b>Federal Program 20.600 Total</b>			<b>4,878,212</b>	<b>3,033,356</b>	
20.601	Alcohol Impaired Driving Countermeasures Incentive		2280	990,524	990,524	
	<b>Federal Program 20.601 Total</b>			<b>990,524</b>	<b>990,524</b>	
20.602	Occupant Protection Incentive Grants		2280	204,930	204,930	
	<b>Federal Program 20.602 Total</b>			<b>204,930</b>	<b>204,930</b>	
20.610	State Traffic Safety Information System Improvemen		2280	491,037	491,037	
	<b>Federal Program 20.610 Total</b>			<b>491,037</b>	<b>491,037</b>	
20.612	Incentive Grant Program to Increase Motorcyclist S		2280	61,026	61,026	
	<b>Federal Program 20.612 Total</b>			<b>61,026</b>	<b>61,026</b>	
20.613	Child Safety and Child Booster Seats Incentive Gra		2280	244,148	244,148	
	<b>Federal Program 20.613 Total</b>			<b>244,148</b>	<b>244,148</b>	
	<b>Dept of Transportation Total</b>			<b>6,869,877</b>	<b>5,025,021</b>	
	<b>Highway Safety Total</b>			<b>6,869,877</b>	<b>5,025,021</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Special Education (IDEA)**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.027	Special Ed - State Grants		3500	213,770,589	210,308,216	
84.027		1211200005/121120004	3750	25,605	0	PT
84.027		1211300005/1211300006	3750	150,386	0	PT
<b>Federal Program 84.027 Total</b>				<b>213,946,580</b>	<b>210,308,216</b>	
84.173	Special Ed - Preschool Grants		3500	7,990,761	7,749,908	
<b>Federal Program 84.173 Total</b>				<b>7,990,761</b>	<b>7,749,908</b>	
<b>Dept of Education Total</b>				<b>221,937,341</b>	<b>218,058,124</b>	
<b>Special Education (IDEA) Total</b>				<b>221,937,341</b>	<b>218,058,124</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**TRIO**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.042	TRIO Student Support Services		3600	642,069	0	
84.042			3650	435,411	0	
84.042			3700	393,822	0	
84.042			3750	258,631	0	
84.042			3760	282,728	0	
84.042			6990	5,243,860	0	
<b>Federal Program 84.042 Total</b>				<b>7,256,521</b>	<b>0</b>	
84.044	TRIO Talent Search		3600	313,431	0	
84.044			6990	1,032,470	0	
<b>Federal Program 84.044 Total</b>				<b>1,345,901</b>	<b>0</b>	
84.047	TRIO Upward Bound		3600	658,005	0	
84.047			3650	1,136,451	0	
84.047			3760	706,709	0	
84.047			6990	2,245,237	0	
<b>Federal Program 84.047 Total</b>				<b>4,746,402</b>	<b>0</b>	
84.066	TRIO Educational Opportunity Centers		3750	249,522	0	
84.066			6990	206,798	0	
<b>Federal Program 84.066 Total</b>				<b>456,320</b>	<b>0</b>	
84.217	TRIO McNair Post-Baccalaureate Achievement		3600	218,742	0	
84.217			3650	175,638	0	
84.217			3700	207,227	0	
84.217			3750	212,586	0	
<b>Federal Program 84.217 Total</b>				<b>814,193</b>	<b>0</b>	
<b>Dept of Education Total</b>				<b>14,619,337</b>	<b>0</b>	
<b>TRIO Total</b>				<b>14,619,337</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Aging**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.044	Special Programs for the Aging Title Iii, Part B G		3000	8,927,889	8,255,091	
	<b>Federal Program 93.044 Total</b>			<b>8,927,889</b>	<b>8,255,091</b>	
93.045	Special Programs for the Aging Title Iii, Part C N		3000	9,782,080	9,698,742	
	<b>Federal Program 93.045 Total</b>			<b>9,782,080</b>	<b>9,698,742</b>	
93.053	Nutrition Services Incentive Program		3000	2,080,950	2,080,950	
	<b>Federal Program 93.053 Total</b>			<b>2,080,950</b>	<b>2,080,950</b>	
	<b>Dept of Health &amp; Human Services Total</b>			<b>20,790,919</b>	<b>20,034,783</b>	
	<b>Aging Total</b>			<b>20,790,919</b>	<b>20,034,783</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**CCDF**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.575	Child Care & Dev - Block Grant		3000	99,675,168	0	
93.575			3570	39,055,101	13,710,796	
93.575		3439 98 7000 354	3600	4,992	0	PT
93.575		WSU002144	3650	481	0	PT
93.575		WSU002145	3650	3,521	0	PT
<b>Federal Program 93.575 Total</b>				<b>138,739,263</b>	<b>13,710,796</b>	
93.596	Child Care Mandatory and Matching Funds of the Chi		3570	78,227,118	77,284,142	
<b>Federal Program 93.596 Total</b>				<b>78,227,118</b>	<b>77,284,142</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>216,966,381</b>	<b>90,994,938</b>	
<b>CCDF Total</b>				<b>216,966,381</b>	<b>90,994,938</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Medicaid**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.775	State Medicaid Fraud Control Units		1000	2,919,305	0	
	<b>Federal Program 93.775 Total</b>			<b>2,919,305</b>	<b>0</b>	
93.777	State Survey and Certification of Health Care Prov		3000	10,435,358	0	
93.777			3030	1,662,203	0	
	<b>Federal Program 93.777 Total</b>			<b>12,097,561</b>	<b>0</b>	
93.778	Medical Assistance Program		1070	3,829,225,185	29,969,041	
93.778			3000	1,858,990,792	29,784,540	
	<b>Federal Program 93.778 Total</b>			<b>5,688,215,977</b>	<b>59,753,581</b>	
93.778A	ARRA - Medical Assistance Program		1070	57,645,445	0	
93.778A			3000	(849,585)	0	
	<b>Federal Program 93.778A Total</b>			<b>56,795,860</b>	<b>0</b>	
	<b>Dept of Health &amp; Human Services Total</b>			<b>5,760,028,703</b>	<b>59,753,581</b>	
	<b>Medicaid Total</b>			<b>5,760,028,703</b>	<b>59,753,581</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Forest Service Schools and Roads**

**Dept of Agriculture**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.665	Schools and Roads - Grants to States		0050	18,993,625	0	
10.665			3650	12,409	0	
10.665			4900	37,332	0	
<b>Federal Program 10.665 Total</b>				<b>19,043,366</b>	<b>0</b>	
<b>Dept of Agriculture Total</b>				<b>19,043,366</b>	<b>0</b>	
<b>Forest Service Schools and Roads Total</b>				<b>19,043,366</b>	<b>0</b>	

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Disability Insurance/SSI**

**Social Security Administration**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
96.001	Social Security Disability Insurance		3000	42,635,576	0	
<b>Federal Program 96.001 Total</b>				<b>42,635,576</b>	<b>0</b>	
<b>Social Security Administration Total</b>				<b>42,635,576</b>	<b>0</b>	
<b>Disability Insurance/SSI Total</b>				<b>42,635,576</b>	<b>0</b>	

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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, 2014  
(Expressed in whole dollars)*

**Highway Planning and Construction**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.205	Highway Planning & Constructn		0100	30,817,141	0	
20.205		GCB1533	3700	7,065	0	PT
20.205			4050	840,063,070	264,067,418	
<b>Federal Program 20.205 Total</b>				<b>870,887,276</b>	<b>264,067,418</b>	
20.205A	ARRA - Highway Planning & Constructn		4050	4,391	4,391	
<b>Federal Program 20.205A Total</b>				<b>4,391</b>	<b>4,391</b>	
20.219	Recreational Trails Program		4670	1,428,148	1,147,322	
<b>Federal Program 20.219 Total</b>				<b>1,428,148</b>	<b>1,147,322</b>	
<b>Dept of Transportation Total</b>				<b>872,319,815</b>	<b>265,219,131</b>	
<b>Highway Planning and Construction Total</b>				<b>872,319,815</b>	<b>265,219,131</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Economic Development**

**Dept of Commerce**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
11.307	Economic Adjustment Assistance		1030	1,733,330	0	
11.307			3600	74,399	0	
11.307			3650	16,825	0	
11.307			6990	16,344	0	
11.307		07-79-06777	6990	41,515	0	PT
<b>Federal Program 11.307 Total</b>				<b>1,882,413</b>	<b>0</b>	
<b>Dept of Commerce Total</b>				<b>1,882,413</b>	<b>0</b>	
<b>Economic Development Total</b>				<b>1,882,413</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Transit Services Programs**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.513	Enhanced Mobility for Seniors and Individuals With		4050	2,525,927	2,291,577	
	<b>Federal Program 20.513 Total</b>			<b>2,525,927</b>	<b>2,291,577</b>	
20.516	Job Access and Reverse Commute		4050	1,531,069	1,254,599	
	<b>Federal Program 20.516 Total</b>			<b>1,531,069</b>	<b>1,254,599</b>	
20.521	New Freedom Program		4050	1,191,893	1,044,434	
	<b>Federal Program 20.521 Total</b>			<b>1,191,893</b>	<b>1,044,434</b>	
	<b>Dept of Transportation Total</b>			<b>5,248,889</b>	<b>4,590,610</b>	
	<b>Transit Services Programs Total</b>			<b>5,248,889</b>	<b>4,590,610</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.



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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**CDBG - State Administered CDBG**

**Housing & Urban Development**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
14.228	Comm Dev Blk Grts States Prgm & Non Ent		1030	13,129,267	12,365,182	
<b>Federal Program 14.228 Total</b>				<b>13,129,267</b>	<b>12,365,182</b>	
<b>Housing &amp; Urban Development Total</b>				<b>13,129,267</b>	<b>12,365,182</b>	
<b>CDBG - State Administered CDBG Total</b>				<b>13,129,267</b>	<b>12,365,182</b>	

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**TANF**

**Dept of Health & Human Services**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.558	Temp Assistance for Needy Families (Tanf)		3000	297,266,746	0	
<b>Federal Program 93.558 Total</b>				<b>297,266,746</b>	<b>0</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>297,266,746</b>	<b>0</b>	
<b>TANF Total</b>				<b>297,266,746</b>	<b>0</b>	

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Teacher Quality Partnership Grants**

**Dept of Education**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.405	ARRA - Teacher Quality Partnerships	U405A100020	3600	73,340	0	PT
<b>Federal Program 84.405 Total</b>				<b>73,340</b>	<b>0</b>	
<b>Dept of Education Total</b>				<b>73,340</b>	<b>0</b>	
<b>Teacher Quality Partnership Grants Total</b>				<b>73,340</b>	<b>0</b>	

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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, 2014  
(Expressed in whole dollars)*

**Statewide Data Systems**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.372	Statewide Data Systems		3500	1,057,899	0	
<b>Federal Program 84.372 Total</b>				<b>1,057,899</b>	<b>0</b>	
84.384	ARRA - Statewide Data Systems, Recovery Act		3500	5,216,991	0	
<b>Federal Program 84.384 Total</b>				<b>5,216,991</b>	<b>0</b>	
<b>Dept of Education Total</b>				<b>6,274,890</b>	<b>0</b>	
<b>Statewide Data Systems Total</b>				<b>6,274,890</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**School Improvement Grants**

**Dept of Education**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.377	School Improvement Grants		3500	6,280,373	5,650,824	
	<b>Federal Program 84.377 Total</b>			<b>6,280,373</b>	<b>5,650,824</b>	
84.388	ARRA - School Improve Grants, Recovery Act		3500	1,858,224	1,655,967	
	<b>Federal Program 84.388 Total</b>			<b>1,858,224</b>	<b>1,655,967</b>	
	<b>Dept of Education Total</b>			<b>8,138,597</b>	<b>7,306,791</b>	
	<b>School Improvement Grants Total</b>			<b>8,138,597</b>	<b>7,306,791</b>	

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**JAG Program**

**Dept of Justice**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
16.738	Edwrd Byrne Mem Justice Asst Grant Pgm		1030	3,405,381	2,092,602	
<b>Federal Program 16.738 Total</b>				<b>3,405,381</b>	<b>2,092,602</b>	
<b>Dept of Justice Total</b>				<b>3,405,381</b>	<b>2,092,602</b>	
<b>JAG Program Total</b>				<b>3,405,381</b>	<b>2,092,602</b>	

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Health Centers**

**Dept of Health & Human Services**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.224	Consolidated Health Centers	CHS2923	3600	30,436	0	PT
93.224		CHS2923 AM01	3600	29,207	0	PT
<b>Federal Program 93.224 Total</b>				<b>59,643</b>	<b>0</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>59,643</b>	<b>0</b>	
<b>Health Centers Total</b>				<b>59,643</b>	<b>0</b>	

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

**Clean Water State Revolving Fund**

**Environmental Protection Agency**

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
66.458	Capitalization Grants for Clean Water State Revolv		4610	32,020,672	29,386,367	
<b>Federal Program 66.458 Total</b>				<b>32,020,672</b>	<b>29,386,367</b>	
<b>Environmental Protection Agency Total</b>				<b>32,020,672</b>	<b>29,386,367</b>	
<b>Clean Water State Revolving Fund Total</b>				<b>32,020,672</b>	<b>29,386,367</b>	

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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, 2014  
(Expressed in whole dollars)*

**Drinking Water State Revolving Fund**

**Environmental Protection Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
66.468	Capitalization Grants for Drinking Water State Rev		3030	55,751,801	411,994	
<b>Federal Program 66.468 Total</b>				<b>55,751,801</b>	<b>411,994</b>	
<b>Environmental Protection Agency Total</b>				<b>55,751,801</b>	<b>411,994</b>	
<b>Drinking Water State Revolving Fund Total</b>				<b>55,751,801</b>	<b>411,994</b>	

**Total Federal Assistance**

**15,730,569,572**

**1,947,843,212**

Footnotes:

NC - Expenditure amount noncash in nature

PT - Expenditure, Pass-through in nature (federal funds received through another nonfederal entity).

OL - Loan Amount (outstanding loan amounts to date).

**The notes to the schedule of expenditures of federal awards are an integral part of this schedule.**

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**State of Washington**  
**Notes to the Schedule of Expenditures of Federal Awards**

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*For the Fiscal Year Ended  
June 30, 2014*

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Notes A – E**

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*For the Fiscal Year Ended  
June 30, 2014  
(Expressed in Whole Dollars)*

Note A: **Purpose of the Schedule**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to the State's financial statements and is presented for purposes of additional analysis. The Schedule is required by the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note B: **Significant Accounting Policies**

Note B1: **Basis of Presentation** - The information in the Schedule is presented in accordance with OMB Circular A-133.

- Federal Financial Assistance - Pursuant to the Single Audit Act of 1984 (Public Law 98-502); the Single Audit Act Amendments of 1996 (Public Law 104-156); and OMB Circular A-133, federal financial assistance, hereafter referred to as federal assistance, is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Accordingly, non-monetary or non-cash federal assistance, including electronic benefit cards, food commodities, immunization supplies and surplus property, is federal assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals. 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.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Notes A – E**

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*For the Fiscal Year Ended  
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(Expressed in Whole Dollars)*

- Cluster of Programs - Closely related programs with different CFDA numbers that share common compliance requirements are to be considered a cluster of programs. The Schedule is structured to present the federal assistance information by cluster with the title of the cluster appearing in the heading. Programs not included within a designated cluster are presented under the title Programs Not Clustered. The only program clusters presented on the Schedule are those mandated by OMB in the most recent Circular A-133 *Compliance Supplement* (June 2014). No expenditures of federal awards were recorded in the following mandated clusters in the report year:

Section 8 Project-Based  
Foster Grandparent/Senior Companion  
Foreign Food Aid Donation  
CDBG – Entitlement Grants  
CFP  
Housing Voucher  
Centers for Independent Living  
Teacher Incentive Fund  
CDFI  
Water and Waste Program  
Community Facilities Loans and Grants  
HOPE VI  
Hurricane Sandy Relief

Note B2: Reporting Entity - The State reporting entity is fully described in Note 1A to the State's financial statements. The Schedule includes all federal assistance programs administered by the State during fiscal year ending June 30, 2014.

Note B3: Basis of Accounting - Federal assistance programs included in the Schedule are reported in the State's financial statements as federal grants-in-aid in the General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds and as other revenue in proprietary and fiduciary funds. The Schedule is presented using the same basis of accounting as that used in reporting the expenditures of the related funds in the State's fund financial statements. The basis of accounting used for each fund type is described in Note 1C to the State's financial statements.

- Indirect Costs - The Schedule includes a portion of costs associated with general activities which is allocated to federal assistance programs under negotiated formulas commonly referred to as indirect cost rates and federally approved cost allocation plans. Reimbursement of state central service costs, achieved via the federally approved Statewide Central Services Cost Allocation Plan, is not reflected on the Schedule. A total of \$1,141,071 was recovered for state central service costs during fiscal year ending June 30, 2014.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Notes A – E**

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*For the Fiscal Year Ended  
June 30, 2014  
(Expressed in Whole Dollars)*

- Matching Costs - The Schedule does not include matching expenditures with the exception specified in Note C to the Schedule.
- Non-monetary Assistance - Non-monetary assistance programs included on the Schedule are identified with a non-cash expenditure (NC) including:
  1. The **Supplemental Nutrition Assistance Program (SNAP)** is administered through Electronic Benefit (EBT) cards that provide each eligible client with an authorized limit of service (purchase of specific food products). The dollar expenditure reported for the SNAP consists of actual disbursements for client purchases of authorized food products via the EBT card program.
  2. The **Temporary Emergency Food Assistance and National School Lunch** programs are presented at the federally assigned value of product disbursed by the State.
  3. The **Surplus Property** program is presented at the fair market value of the property distributed. The fair market value was estimated to be 23.68% of the property's original acquisition value.
  4. The **Immunization Vaccine** programs are presented at the federally assigned value of product disbursed by the State.
- Pass-Through Federal Assistance (State as Subrecipient included on the Schedule) - The majority of the State's federal assistance is received directly from federal awarding agencies (i.e., the State is the primary recipient). However, 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. Additional detail related to this type of pass through assistance is provided in Note F to the Schedule.
- Pass-Through Federal Assistance (State as Subrecipient not included on the Schedule) – The State is a direct recipient of U.S. Department of Labor Workforce Investment Act (WIA) funds. These funds are reported on the Schedule. A large portion of these funds are passed through to non-state entities that, in certain instances, subaward the same funds back to the State. The dollar amount of these subawards, while included in the scope of the Single Audit, are not reported by the State on the Schedule since they are already part of the amount reported as direct assistance. Additional detail related to this type of pass through assistance is provided in Note G to the Schedule.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Notes A – E**

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*For the Fiscal Year Ended  
June 30, 2014  
(Expressed in Whole Dollars)*

- 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 financial statements in accordance with generally accepted accounting principles (GAAP) and reported once on the Schedule. This method avoids duplication and the overstatement of the aggregate level of federal assistance expended by the State. However, purchases of services between state organizations using federal monies are reported in the financial statements as expenditures or expenses by the purchasing organization and as revenues for services rendered by the providing organization.

Note B4: Presentation Comments

- Private company rebate activity is not included on the Schedule. Due to the significance of the resources provided by this rebate activity, the following amounts are disclosed for fiscal year ending June 30, 2014:  
  
10.557 - Special Supplemental Nutrition Program for WIC..... \$28,135,809  
(Infant formula rebates provided by private companies)  
  
93.917 - HIV Care..... \$3,845  
(Immunization rebates provided by private pharmaceutical companies)
- Expenditures for the federal share of bond repayment are not included on the Schedule. Due to the significance of the federal participation, the following amount is disclosed for the fiscal year ending June 30, 2014:  
  
20.205 Debt service costs for Referendum 49 bonds..... \$3,983,581
- State agency numbers used in the Schedule can be referenced, either by number (listed numerically) or name of the agency (listed alphabetically), in the Appendix.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Notes A – E**

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*For the Fiscal Year Ended  
June 30, 2014  
(Expressed in Whole Dollars)*

Note C: **Unemployment Insurance (U.I.) Program, Employer (State) Financial Participation**

As required by U.S. Department of Labor letter dated December 24, 1997, the expenditures reported on the Schedule for Unemployment Insurance, CFDA Program No. 17.225, for fiscal year ending June 30, 2014 include:

State of Washington/Employer Funded.....	\$1,076,360,501
Federal Funds	
ARRA.....	4,991
Non-ARRA.....	427,832,634
Total	<u><u>\$1,504,198,126</u></u>

Note D: **Non-monetary Assistance Inventory**

As described previously in Note B3, non-monetary assistance is reported in the Schedule. As of June 30, 2014, the state held the following inventories of non-monetary assistance:

Food Commodities (10.565).....	\$8,094,684
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Note E: **Other Footnote Designations**

The following footnote codes are utilized in the Schedule (far right column):

NC - Non-cash expenditures.

PT - Pass Through (expenditures of federal assistance received from a nonfederal entity external to the State).

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 for Pass-Through Funds**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
03.301	3600	ASSOCIATION OF CHILDREN'S MUSEUMS	IMLS# LG-64-12-0655-12	5,030
03.301	3600	YALE UNIVERSITY	UW BUD# 667323	22,822
05.025	3650	WESTERN STATE ARTS FEDERATION	TW20130182	2,249
05.025	3650	WESTERN STATE ARTS FEDERATION	TW20130217	2,249
06.129	3650	HUMANITIES WA	4669GF13	4,330
06.164	3750	Gilder Lehrman Institute	Award letter	1,000
06.169	3650	ELECTRONIC LITERATURE ORG	121827001	12,632
10.000	3600	CORRIM	NO. 310 AM05	45,003
10.000	3600	CORRIM	SUBCONTRACT 910	11,143
10.000	3600	CORRIM	SUBCONTRACT NO. 810	6,233
10.000	3650	CALIFORNIA GRAPE & TREE FRUIT	201125	96,347
10.000	3650	COTTON INCORPORATED	WSU002142	149,205
10.000	3650	MS ST UNIV	01800034045203	-31
10.001	3600	USDA, ARS, BA	58-1245-3-236	10,065
10.001	3650	UNIV OF CA DAVIS	20111816902	6,258
10.001	3650	UNIV OF ID FED	BJKH65SB001	-571
10.200	3650	CO ST UNIV FED FLOW	AFE742346	1,299
10.200	3650	UNIV OF CA DAVIS	201117720	39
10.200	3650	UNIV OF CA DAVIS	201117720WSU1	195
10.200	3650	UNIV OF CA DAVIS	201117720WSU4ECS	43
10.200	3650	UNIV OF CA DAVIS	20122337205	16,924
10.200	3650	UNIV OF CA DAVIS	20122337209WSUCHASTAGN	28,197
10.200	3650	UNIV OF CA DAVIS	20122337215WSUTMILLERE	268
10.200	3650	UNIV OF CA DAVIS	20122337218WSU	7,113
10.200	3650	UNIV OF CA DAVIS	20122337220WSUHEBERT	18,037
10.200	3650	UNIV OF CA DAVIS	201302570019CHASTAGNER	6,726
10.200	3650	UNIV OF CA DAVIS	20130257007WSU	30,871
10.200	3650	UNIV OF CA DAVIS	20130257011WSU	47,172



**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Note F:**  
**Supplemental Information for Pass-Through Funds**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
10.200	3650	UNIV OF CA DAVIS	20130257029WSUGROVE2BG	26,292
10.200	3650	UNIV OF ID FED	BAK306SB002	3,461
10.200	3650	UNIV OF ID FED	BAK307SB002	26,753
10.200	3650	UNIV OF ID FED	BAK308SB002	3,292
10.200	3650	UNIV OF ID FED	BAK466SB001WSU	-70
10.206	3600	UNIVERSITY OF CONNECTICUT	PSA #23478 AM01	26,490
10.206	3650	KS ST UNIV	S10200	-245
10.206	3650	VA TECH UNIV	42204819276	23,105
10.212	3650	MULTIFORM HARVEST INC	WSU002491	39,346
10.212	3650	TROUTLODGE INC FED FLOW	117818	3,069
10.215	3650	UT ST UNIV - FED FLOW	090758003	34,190
10.215	3650	UT ST UNIV - FED FLOW	100893004	53,640
10.215	3650	UT ST UNIV - FED FLOW	110892004	52,681
10.215	3650	UT ST UNIV - FED FLOW	110892012	15,441
10.215	3650	UT ST UNIV - FED FLOW	12083302	44,141
10.215	3650	UT ST UNIV - FED FLOW	120833027	10,833
10.219	3750	University of Georgia	RR167-551/4787396	3,449
10.227	3600	NORTHWEST INDIAN COLLEGE	28751MOD1NIFA201338424	17,694
10.227	3600	NORTHWEST INDIAN COLLEGE	28752MOD1NIFA201338424	14,310
10.227	3650	NW INDIAN COLLEGE FED FLOW	28751	3,258
10.227	3650	NW INDIAN COLLEGE FED FLOW	28752	1,785
10.227	3650	NW INDIAN COLLEGE FED FLOW	28753	4,098
10.227	3650	NW INDIAN COLLEGE FED FLOW	WSU002241	3,978
10.227	3650	NW INDIAN COLLEGE FED FLOW	WSU002537	6,624
10.303	3650	MI ST UNIV	RC100946WSU	77,323
10.303	3650	NORTH DAKOTA STATE UNIVERSITY	FAR0021477	74,626
10.303	3650	UNIV OF CA DAVIS	SA7746	52,599
10.303	3650	UNIV OF ID FED	BJKH03SB001	-5,374

**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Note F:**  
**Supplemental Information for Pass-Through Funds**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
10.303	3650	UNIV OF ID FED	BJKH15SB001	26,363
10.303	3650	UNIV OF ID FED	BJKH15SB002	28,166
10.304	3650	UNIV OF CA FED	20122390204	23,332
10.305	3650	NC ST UNIV - FED FLOW	2008120601	1,025
10.307	3650	OR ST UNIV FED	C0440AA	27,658
10.309	3650	CITRUS RES & DEV FNDN	13014NU793	84,114
10.309	3650	MI ST UNIV	614296A	344,569
10.309	3650	MI ST UNIV	RC100858B	244,041
10.309	3650	MI ST UNIV	RC100888WSU	29,974
10.309	3650	NC ST UNIV - FED FLOW	20101"365"02	224,784
10.309	3650	NC ST UNIV - FED FLOW	2010136502	29,309
10.309	3650	NC ST UNIV - FED FLOW	2012178503	54,509
10.309	3650	OR ST UNIV FED	C0423BA	334,892
10.309	3650	PA ST UNIV FED FLOW	3826WSUUSDA9561	3,168
10.309	3650	UNIV OF CA DAVIS	20101294201	47,482
10.309	3650	UNIV OF CA DAVIS	20101304802	89,647
10.309	3650	UNIV OF CA-BERKELEY FED FLOW	00006986	25,906
10.309	3650	UNIV OF WI MADISON	350K873	148,316
10.309	3650	UNIV OF WI MADISON	428K072	14,902
10.310	3600	BOSTON UNIVERSITY	4500001195 AM01	58,692
10.310	3600	KENT STATE UNIVERSITY	416211-UW	12,540
10.310	3600	UNIVERSITY OF CONNECTICUT	KFS5259950PO11522AM01	49,199
10.310	3650	BAYLOR COLLEGE OF MED FED	101474002	324,070
10.310	3650	MI ST UNIV	RC101749WSU	69,874
10.310	3650	OR ST UNIV FED	C0414CB	1,105
10.310	3650	OR ST UNIV FED	U0720BA	20,501
10.310	3650	TX A&M RSCH FNDN FED FLOW	S110072	189,271
10.310	3650	UNIV OF ALABAMA	SUB2011128	97,439

**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Note F:**  
**Supplemental Information for Pass-Through Funds**

*For the Year Ended  
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<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
10.310	3650	UNIV OF CA DAVIS	20101571807	302,808
10.310	3650	UNIV OF CA DAVIS	20101573903	106,276
10.310	3650	UNIV OF CA DAVIS	20122309005	76,725
10.310	3650	UNIV OF GA FED FLOW	RC2933654693938	12,276
10.310	3650	UNIV OF ID FED	BJKL03SB002	1,359,879
10.310	3650	UNIV OF ID FED	BKK123SB002	1,921
10.310	3650	UNIV OF MASSACHUSETTS DARTMOUT	15115	12,203
10.310	3650	UNIV OF MN FED FLOW	H002413501	30,125
10.310	3650	UNIV OF NE FED	2563210212002	119,080
10.310	3650	UNIV OF OR FED	238391A	37,900
10.310	3650	UNIVERSITY OF MISSOURI	C000315874	66,525
10.312	3650	UNIV OF HI RES CORP FED FLOW	MA120037	50,389
10.315	3650	UNIV OF MN FED FLOW	H001344204	248,804
10.320	3650	OR ST UNIV FED	C0432GB	22,236
10.443	3650	UT ST UNIV - FED FLOW	12050101"	15,049
10.500	3650	KS ST UNIV	514077	17,467
10.500	3650	KS ST UNIV	GUAR41061265	2,708
10.500	3650	KS ST UNIV	S12003	54
10.500	3650	KS ST UNIV	S12099	9,140
10.500	3650	KS ST UNIV	S13055	10,898
10.500	3650	KS ST UNIV	S14150	4,729
10.500	3650	NM ST UNIV FED FLOW	Q01465	36
10.500	3650	OR ST UNIV FED	UC225AA	11,600
10.500	3650	PURDUE UNIV	8000059373	41,994
10.500	3650	UNIV OF CA DAVIS	201120392WSU	874,839
10.500	3650	UNIV OF MASSACHUSETTS	12006968B00	1,499
10.500	3650	UNIV OF NE FED	2563290059813"	39,179
10.500	3650	UNIV OF WY	GUAR41271458	799

**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Note F:**  
**Supplemental Information for Pass-Through Funds**

*For the Year Ended  
June 30, 2014  
(Expressed in whole dollars)*

<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
10.500	3650	UT ST UNIV - FED FLOW	130677002	14,000
10.500	3650	UT ST UNIV - FED FLOW	130677006	9,642
10.561	6990	Heritage University	G054	213,801
10.561	6990	SBCTC	G451	61,725
10.574	3750	University of Southern Mississippi	USM-GR03970-001	2,199
10.604	3650	NATIONAL POTATO PROMOTION BOAR	WSUT13GXKSF01	30,671
10.912	3650	THE NATURE CONSERVANCY	WAS110428135	19,649
10.961	3650	PURDUE UNIV	8000051137	38,720
10.961	3650	PURDUE UNIV	800051140	-3,479
11.000	3600	OSCILLA POWER, INC.	UW BUD# 664480	-1,048
11.000	3600	PUGET SOUND RESTORATION FUND	UW BUD# 661975	4,965
11.000	3650	PORTLAND DEVELOPMENT COMMISSIO	212111	47,877
11.000	4770	North Pacific Fishery Management Council	2011-3	27,194
11.000	4770	Oregon Dept of Fish & Wildlife	297-12	16,459
11.000	4770	Oregon Dept of Fish & Wildlife	422-13	13,920
11.000	4770	Pacific States Marine Fisheries Commission	13-45	46,303
11.000	4770	Pacific States Marine Fisheries Commission	13-50	4,288
11.000	4770	Pacific States Marine Fisheries Commission	13-65	67,712
11.000	4770	Pacific States Marine Fisheries Commission	13-66	32,611
11.000	4770	Pacific States Marine Fisheries Commission	13-71	5,228
11.000	4770	Pacific States Marine Fisheries Commission	13-72	5,381
11.000	4770	Pacific States Marine Fisheries Commission	13-73	22,421
11.000	4770	Pacific States Marine Fisheries Commission	41-01	61,448
11.012	3600	ALASKA OCEAN OBSERVING SYSTEM	H2300-63	31,282
11.307	6990	Department of Commerce	07-79-06777	41,515
11.407	4770	Pacific States Marine Fisheries Commission	14-37	19,214
11.417	3600	CALIFORNIA SEA GRANT	47485269NA14OAR4170075	21,869
11.417	3600	CALIFORNIA SEA GRANT COLLEGE PROGRAM	RCONT222PDPO1030531200	7,129

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11.417	3600	OREGON STATE UNIVERSITY	NA2233-B AM04	2,476
11.417	3600	UNIV OF CA SAN DIEGO	RFISH208MODSUB10305312	55,324
11.417	3600	UNIVERSITY OF RHODE ISLAND	1003120003054AM02PO494	23,038
11.427	3600	PACIFIC SHELLFISH INST	AM02	4,534
11.431	3600	OREGON STATE UNIVERSITY	NA226B-D AM03	76,052
11.436	4770	Pacific States Marine Fisheries Commission	11-16	99,229
11.437	3600	PACIFIC ST MARINE FISHERIES COMM	14-54 AM01	38,002
11.437	3600	PACIFIC ST MARINE FISHERIES COMM	14-74	5,026
11.437	4770	Pacific States Marine Fisheries Commission	11-112	15,166
11.437	4770	Pacific States Marine Fisheries Commission	12-105	229,868
11.437	4770	Pacific States Marine Fisheries Commission	12-82	255,424
11.437	4770	Pacific States Marine Fisheries Commission	13-30	37,259
11.437	4770	Pacific States Marine Fisheries Commission	13-91	529,036
11.437	4770	Pacific States Marine Fisheries Commission	14-15	174,487
11.437	4770	Pacific States Marine Fisheries Commission	14-20	129,247
11.437	4770	Pacific States Marine Fisheries Commission	14-81	197,304
11.437	4770	Pacific States Marine Fisheries Commission	14-84	31,588
11.438	3600	ALASKA DEPARTMENT OF FISH AND GAME	COOP-11-031 REV01	165,395
11.438	3600	ALASKA DEPT OF FISH AND GAME	44714 AM01	144,758
11.439	4770	Pacific States Marine Fisheries Commission	13-25	92,184
11.440	3600	THE OPEN SOURCCE PROJECT-NDAP	UW BUD# 663275	6,469
11.441	4770	Pacific Fishery Management Council	06-13	76,455
11.441	4770	Pacific States Marine Fisheries Commission	06-14	61,696
11.463	3600	SEA CONSULTING GROUP	A92698	2,999
11.463	3600	SEA CONSULTING GROUP	UW BUD# 664759	19,504
11.463	3600	SEA CONSULTING GROUP	UW BUD# 666380	20,585
11.463	3650	GLOBAL SCIENCE & TECHNOLOGY	SA13WSU01	23,786
11.463	3800		RYBCZYK	12,048

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11.463	3800		WA-S-130820-017	82,293
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1207	15,822
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1301	38,731
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1309	5,432
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1321	21,813
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1322	27,939
11.472	3600	NORTH PACIFIC RESEARCH BOARD	B 70 AM03	2,048
11.472	3600	NORTH PACIFIC RESEARCH BOARD	B 71 AM03	106,906
11.472	3600	NORTH PACIFIC RESEARCH BOARD	B 73 AM02	26,734
11.472	3600	NORTH PACIFIC RESEARCH BOARD	G82	489
11.472	3600	NORTH PACIFIC RESEARCH BOARD	G82/F5182-01	65,717
11.472	3600	NORTH PACIFIC RESEARCH BOARD	G83	761
11.472	3600	NORTH PACIFIC RESEARCH BOARD	G83/F5183-01 AM01	92,968
11.472	3600	NORTH PACIFIC RESEARCH BOARD	G84/F5184-01 AM01	66,162
11.472	3600	NORTH PACIFIC RESEARCH BOARD	G84/F5384-01	57,139
11.472	3600	PRINCE WILLIAM SOUND SCIENCE CENTER	12-85-10 AM02	61,557
11.472	3800		G83/FS183-04	123,098
11.472	4770	Oregon Dept of Fish & Wildlife	020-10258-ISA-FISH	180,919
11.472	4770	Oregon Dept of Fish & Wildlife	020-10259-ISA-FISH	38,751
11.558	3600	TECHNOLOGY ALLIANCE	UW BUD# 203944	8,165
11.999	4770	Columbia Basin Fish & Wildlife Foundation	None	6,989
11.999	4770	Pacific States Marine Fisheries Commission	None	56,754
12.000	3600	ADAPTIVE METHODS	PO# 7011	40,001
12.000	3600	ADVANCED TECHNOLOGY INSTITUTE (ATI)	2010-319 MOD05	20,918
12.000	3600	AEROVEL CORPORATION	A66831	2,628
12.000	3600	AEROVEL CORPORATION	A69823	2,375
12.000	3600	AMERICAN BURN ASSOCIATION	PRIME W81XWH-11-1-0835	45,301
12.000	3600	APPLIED PHYSICAL SCIENCES CORP	APS-11-12 MOD21	94,573

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12.000	3600	APPLIED PHYSICAL SCIENCES CORP	APS-14-02 MOD01	70,365
12.000	3600	BAE SYSTEMS	809864 MOD01	151,551
12.000	3600	BAE SYSTEMS	832705-6	163,681
12.000	3600	CARNEGIE MELLON UNIV	1011078-259568 AM08	51,129
12.000	3600	CARNEGIE MELLON UNIVERSITY	1150114-293607 AM01	201,408
12.000	3600	CENTER FOR NATURAL LANDS MANAGEMENT	WA-S-2014-015-0	4,733
12.000	3600	CH2M HILL , INC. A/P	PO 950620 REV01	43,764
12.000	3600	CMSOFT, INC.	STTR PROJECT	16,095
12.000	3600	COLORADO STATE UNIVERSITY	G-00184-1	1,420
12.000	3600	CRAIG HOSP	GRANT PT100068 AM01	91,332
12.000	3600	CREARE INC.	72284 AM03	70,556
12.000	3600	CREARE INC.	PO #69652 REV03	81,749
12.000	3600	DUKE UNIVERSITY	UW BUD# 637561	10,390
12.000	3600	EXCET, INC.	PO #2273, PO #2452	92,569
12.000	3600	EXPONENT	S95-0079 AM04	17,092
12.000	3600	HDR ENVIRONMENTAL, OPS, AND CONSTRUCTION	0000115503 MOD03	85,032
12.000	3600	HDR ENVIRONMENTAL, OPS, AND CONSTRUCTION	0000120090	72,137
12.000	3600	HDR ENVIRONMENTAL, OPS, AND CONSTRUCTION	003/0000127778 MOD04	77,196
12.000	3600	HENRY M. JACKSON FOUNDATION	754344	1,721
12.000	3600	HENRY M. JACKSON FOUNDATION	757916 MOD01	22,359
12.000	3600	IMPACT COMPUTING CORPORATION	UW BUD# 664477	56,838
12.000	3600	JOHNS HOPKINS UNIVERSITY	PO#2000859125 MOD03	470
12.000	3600	JOHNS HOPKINS UNIVERSITY	PO#2000859125 MOD04	9,797
12.000	3600	JOHNS HOPKINS UNIVERSITY	W81XWH1020090 MOD01	10,650
12.000	3600	KITWARE, INC.	K000886-00-S06 MOD02	28,877
12.000	3600	LOCKHEED MARTIN CORPORATION	PO#4100466305 AM04	88,134

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12.000	3600	MANDEX, INC.	PO# 28600	33,629
12.000	3600	MANDEX, INC.	PO#28649	1,285
12.000	3600	MARITIME APPLIED PHYSICS CORPORATION	PO 201224-043	41,842
12.000	3600	NATIONAL MARINE MAMMAL FOUNDATION	N000141110436001AM03	28,319
12.000	3600	OREGON STATE UNIVERSITY	RM102A-B AM03	27,979
12.000	3600	OREGON STATE UNIVERSITY	V0622A-A AM01	59,908
12.000	3600	ORISE	UW BUD# 622009	15,989
12.000	3600	SEALASKA ENVIRONMENTAL SERVICES, LLC HQ	UW BUD# 666332	-139
12.000	3600	SECURBORATION, INC	STTR PHASE 1	29,896
12.000	3600	SLOAN-KETTERING INSTITUTE	BD516137	45,925
12.000	3600	SOLUXRA, LLC	UW BUD# 663527	50,190
12.000	3600	SOLUXRA, LLC	UW BUD# 664018	63,129
12.000	3600	SOLUXRA, LLC	UW OSP# A81377 AM01	22,198
12.000	3600	SPARTON ELECTRONICS FLORIDA, INC.	PM003811-1	42,064
12.000	3600	SRI INTERNATIONAL, INC.	#27-001389 MOD04	-5,079
12.000	3600	SRI INTERNATIONAL, INC.	#27-001389 MOD05	18,571
12.000	3600	SRI INTERNATIONAL, INC.	#27-001389 MOD06	139,772
12.000	3600	SRI INTERNATIONAL, INC.	19-000234 MOD01	50,254
12.000	3600	SRI INTERNATIONAL, INC.	19-000234 MOD02	5,659
12.000	3600	SRI INTERNATIONAL, INC.	27-001389 MOD07	37,890
12.000	3600	SRI INTERNATIONAL, INC.	69-000535 MOD05	136,777
12.000	3600	SRI INTERNATIONAL, INC.	69000535MOD08RELEASE3	81,205
12.000	3600	STANFORD UNIVERSITY	29030420-50473-B AM03	72,516
12.000	3600	TIERRA DATA INC.	AM06	46,773
12.000	3600	UNIV OF CALIFORNIA, SAN DIEGO	PO #10291495-009	442,393
12.000	3600	UNIV OF CALIFORNIA, SAN DIEGO	PO# 10313249-004	649,852
12.000	3600	UNIVERSIDAD CATOLICA DE CHILE	UW BUD# 663906	3,681
12.000	3600	UNIVERSITY OF MICHIGAN	3002531628	57,260



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12.000	3600	UNIVERSITY OF MICHIGAN	3002874557	89,428
12.000	3600	WEIZMANN INSTITUTE OF SCIENCE	HDTRA1-11-C-0026 AM04	123,052
12.000	3600	WEIZMANN INSTITUTE OF SCIENCE	HDTRA1-11-C-0026 AM05	402,412
12.000	3650	"ACADEMY OF APPLIED SCI-FED	1345	2,420
12.000	3650	ACADEMY OF APPLIED SCI-FED	1232	-55
12.000	3650	BAE SYSTEMS	739623	-4,008
12.000	3650	BINGHAMTON UNIV	54680	78,291
12.000	3650	CENTER FOR NATURAL LANDS MGMT	WAC20140050	9,450
12.000	3650	CH2M HILL INC	950621	193,359
12.000	3650	HARVARD UNIV	1316985040927	106,954
12.000	3650	JOHNS HOPKINS BLOOMBERG SCHOOL	2001520332	206,651
12.000	3650	NTI INC	WSU002831	3,992
12.000	3650	PULSAR INFORMATICS INC	WSU002	145,510
12.000	3650	PULSAR INFORMATICS INC	WSU005	314,962
12.000	3650	PULSAR INFORMATICS INC	WSU007	126,517
12.000	3650	UNIFORMED UNIV HEALTH SCIENCES	HT9404121TS07	3,164
12.000	4770	Pacific States Marine Fisheries Commission	14-88	3,673
12.000	4770	Pacific States Marine Fisheries Commission	14-89	5,165
12.000	4770	Pacific States Marine Fisheries Commission	14-90	19,936
12.300	3600	CARNEGIE MELLON UNIV	1141207-236198 AM11	57,965
12.300	3600	CARNEGIE MELLON UNIV	1141221-293180 AM02	38,906
12.300	3600	COLUMBIA UNIVERSITY	G05139	233,265
12.300	3600	MASSACHUSETTS INST TECHNOLOGY/MIT	5710002230 MOD013	36,215
12.300	3600	MONTEREY BAY AQUARIUM RESEARCH INSTITUTE	1010542 AM02	-648
12.300	3600	MONTEREY BAY AQUARIUM RESEARCH INSTITUTE	1010542 AM03	31,711
12.300	3600	SIMPSON WEATHER ASSOCIATES, INC.	N000141110450UWAMOD05	30,792
12.300	3600	THE UNIVERSITY OF TEXAS AT SAN ANTONIO	26-0201-15 UOW AM03	1,528

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12.300	3600	UNIV OF MIAMI	66654TAM01	8,689
12.300	3600	UNIVERSITY OF MIAMI	S140003POAC21505AM02	18,895
12.300	3600	UNIVERSITY OF PENNSYLVANIA	557493 AM01	21,691
12.300	3600	UNIVERSITY OF VIRGINIA	GG11431-138081 AM03	148,551
12.300	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101011	41,975
12.300	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101081 AM02	48,847
12.300	3650	UNIV OF ID NON FED	KKK696SB001	-23
12.300	3650	UNIV OF S CA	PO10060234	167,944
12.300	3650	UNIV OF TX	UTA14_000245	7,668
12.300	4770	Pacific States Marine Fisheries Commission	13-84	15,887
12.351	3600	COLORADO STATE UNIVERSITY	G-9882-1	183,480
12.351	3600	STANFORD UNIVERSITY	28545260-52123-A AM03	121,649
12.351	3600	THE UNIVERSITY OF TEXAS AT AUSTIN	UTA11-000762 AM01	14,645
12.351	3600	THE UNIVERSITY OF TEXAS AT AUSTIN	UTA11-000762 AM02	87,768
12.400	3600	HENRY M. JACKSON FOUNDATION	2022 MOD03/PO#789071	285,164
12.420	3600	AMERICAN BURN ASSOCIATION	W81XWH-09-2-0194 AM01	68,066
12.420	3600	BOSTON VA RESEARCH INSTITUTE, INC	SUBAWARD# 2	40,658
12.420	3600	CEDARS-SINAI MED CTR	PO#0000851890	10,614
12.420	3600	FHCRC	0000697387 AM03	12,053
12.420	3600	FHCRC	0000787570	6,483
12.420	3600	HENRY M. JACKSON FOUNDATION	671800 MOD05	12,027
12.420	3600	HENRY M. JACKSON FOUNDATION	PO713003AGR2252MOD03	48,239
12.420	3600	JOHNS HOPKINS UNIV	PO # 2001589471	5,512
12.420	3600	MICRONICS, INC.	MICUW010911AM01AM02	33,852
12.420	3600	SEATTLE INST. FOR BIOMEDICAL & CLIN RES	PE141UW1 MOD01	749
12.420	3600	SEATTLE INSTITUTE FOR BIOMEDICAL AND CLI	RM163OCONNJ1SIBCR	36,114
12.420	3600	SIBCR	KG112GEORGESJ2SIBCR	5,868
12.420	3600	SIBCR	KG112SRISUB4SIBCR	6,259

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12.420	3600	THE CATHOLIC UNIVERSITY OF AMERICA	364271-SUB 2 A4	293,728
12.420	3600	TUFTS UNIVERSITY	ARM333AM02W81XWH111081	275,223
12.420	3600	UNIVERSITY OF CALIFORNIA	6749SC AM02	28,002
12.420	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	10313538-002	3,988
12.420	3600	UNIVERSITY OF MINNESOTA	R01477 AM03	496,454
12.420	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	535819PRW81XWH1110639	33,806
12.420	3600	VIRGINIA COMMONWEALTH UNIVERSITY	PT108802-SC104833	53,266
12.420	3600	WAKE FOREST UNIVERSITY	WUHS 441002B GU-02	8,411
12.420	3600	WAKE FOREST UNIVERSITY HEALTH SCIENCES	WUHS 441033 CTA-03	13,531
12.431	3600	COLORADO STATE UNIVERSITY	G-2308-1 AM06	453,816
12.431	3600	DUKE UNIVERSITY	11-IARPA-1009 MOD04	2,083
12.431	3600	DUKE UNIVERSITY	11-IARPA-1009 MOD06	78,530
12.431	3600	FHCRC	201301077-03 AM02	93,325
12.431	3600	MASSACHUSETTS GENERAL HOSPITAL	222357	24,999
12.431	3600	YALE UNIVERSITY	C13J11497J00210AM02	210,511
12.431	3650	ORG ECONOMIC INITIATIVES INC	ARL10NWMISU120610	-48
12.630	3600	PAI LIFE SCIENCES INC.	UW BUD# 662250	104,803
12.800	3600	COLUMBIA UNIVERSITY	2 (GG006552) AM03	212,744
12.800	3600	GEORGIA INSTITUTE OF TECHNOLOGY	RB250-G3 AM09	322,080
12.800	3600	NORTHWESTERN UNIVERSITY	SP0022325PROJ0007154AM	93,014
12.800	3600	TECH-X CORPORATION	UW BUD# 668748	6,387
12.800	3600	UNIVERSITY OF NEVADA, LAS VEGAS	11-708B-05 AM05	151,603
12.800	3650	IA ST UNIV FED FLOW	4212048A	158,357
12.800	3650	IA ST UNIV FED FLOW	4212057A	240,163
12.910	3600	FHCRC	0000772018	11,963
12.910	3600	NEUROTREK	UW BUD# 667870	145,287
12.910	3600	NEUROTREK	UW BUD# 668214	89,535
12.910	3600	SPI SURGICAL	A65164	-102

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12.910	3600	TEMPLE UNIVERSITY	251658 AM02	199,329
12.910	3600	UNIVERSITY OF PENNSYLVANIA	554995 AM01	-73,865
14.000	3650	THURSTON REGIONAL PLNG COUNCIL	WSU002082	7,736
14.239	1480	Ciy of Seattle	HKPS FY2014	120,000
14.323	1480	Neighborworkds	EHLP Grant 2014	10,200
14.704	3600	CITY OF SEATTLE	UW BUD# 663992	64,909
15.000	3600	BAKERAECOM, LLC	UWA-PTS-002 MOD01	56,625
15.000	3600	GEORGIA INSTITUTE OF TECHNOLOGY	RC051-S3 AM07	77,886
15.000	3600	INDUSTRIAL ECONOMICS, INC.	1018028UWTOF13PB00153	78,085
15.000	3600	SNOHOMISH COUNTY EMERGENCY MANAGEMENT	UW BUD# 665116	18,772
15.000	4770	Wildlife Management Institure	98210-8-J105	9,514
15.036	3600	POINT NO POINT TREATY COUNCIL	UW BUD# 666889	29,006
15.231	3600	NATIONAL FISH & WILDLIFE FOUNDATION	1601.12.033958	16,174
15.507	3750	East Columbia Basin Irrigation District	Agreement for Services	11,427
15.608	3650	NAT'L FISH & WILDLIFE FNDN	201000060075	109,545
15.611	3650	ID DEPT OF FISH & GAME	WSU002006	93
15.634	4900	Center for NaturalLands Management	WA-S-2013-006-0	90,576
15.639	3600	SUQUAMISH TRIBE	UW BUD# 663703	9,530
15.649	3760	WDFW SPP	WDFW10-1610	31,959
15.650	3600	CENTER FOR NATURAL LANDS MANAGEMENT	WA-S-2011-006-2	-1,778
15.650	3600	NATIONAL WILDLIFE FEDERATION	1201-060	1,952
15.657	3600	CALIFORNIA SEA GRANT COLLEGE PROGRAM	36633052, R/SF-54	78,357
15.657	3600	CENTER FOR NATURAL LANDS MANAGEMENT	WA-S-2011-006-1	8,470
15.657	3600	CENTER FOR NATURAL LANDS MANAGEMENT	WA-S-2013-028-0	13,468
15.657	3760	CNLM FOR NAT.LANDS MGMT.	WA-C-2011-022 0	37,833
15.668	3600	NORTH SLOPE BOROUGH	3605.6355.G051304	180,224
15.669	3600	CONSERVATION NORTHWEST	F12AP00833	3,421

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15.820	3600	OREGON STATE UNIVERSITY	GS240B-B AM02	49,694
15.820	3600	OREGON STATE UNIVERSITY	GS275A-A AM02	48,420
15.820	3600	OREGON STATE UNIVERSITY	GS276A-A AM01	140,315
15.820	3600	OREGON STATE UNIVERSITY	GS277A-B AM01	101,542
15.904	3700	NIT-Nisqually St Park	N/A	39,253
16.000	3650	PULLMAN POLICE DEPT	WSU002168	57,897
16.523	3750	Idaho Dept of Juvenile Corrections	MOU	5,626
16.540	3760	WSIPP JUV DECLINE	I-600-00113	75,282
16.560	3600	OREGON SOCIAL LEARNING CENTER (OSLC)	UW BUD# 664830	8,704
16.560	3650	PA ST UNIV FED FLOW	4972WSUNIJ0055	1,860
16.585	3650	CLARK COUNTY DISTRICT COURT	2010DCBX0097	2,001
16.730	3650	RAND CORP	9920110126	23,110
16.730	6990	WSU	115314-G002990	223,901
17.269	6990	Dept of Labor	1011-01861A	7,000
17.270	5400	Spokane SNAP	7882	201,918
17.274	6990	Tacoma Goodwill	YB 24687-13-60-A-54	25,008
17.282	6990	Dept of Labor	TC-22520	404,783
17.282	6990	National Aviation Consortium	TC-23794-12-60-A-20	508,263
17.502	3600	CASA LATINA	UW OSP# A77367	8,429
19.000	3600	GEORGETOWN UNIVERSITY	UW-RX2050-988-13-E	24,024
19.000	3600	ICF MACRO, INC	13SZSK0179 MOD01	87,099
19.000	3600	INSTITUTE OF INTERNATIONAL EDUCATION	UW BUD# 666224	-126
19.000	3600	MANAGEMENT SCIENCES FOR HEALTH	SIAPS-2011-003 TO07	25,865
19.000	3600	MANAGEMENT SCIENCES FOR HEALTH	SIAPS-2011-003 TO09	37,594
19.000	3600	MANAGEMENT SCIENCES FOR HEALTH	SIAPS2011003TO02AM03	-3,847
19.000	3600	MANAGEMENT SCIENCES FOR HEALTH, INC.	SIAPS-2011-003 TO10	35,009
19.000	3600	MANAGEMENT SCIENCES FOR HEALTH, INC.	SIAPS2011003TO11AM01	5,433
19.000	3600	THE ASIA FOUNDATION	31597100001UWLSMOD03	745,662

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19.000	3600	THE POPULATION COUNCIL	SH1113 TO01 AM06	61,635
19.000	3600	UNIVERSITY OF CALIFORNIA, DAVIS	201121454-17	20,075
19.009	6990	Kirkwood Community College	EVT9466067007	10,671
19.010	3600	INSTITUTE OF INTERNATIONAL EDUCATION	UW BUD# 800359	219,049
19.010	3600	INSTITUTE OF INTERNATIONAL EDUCATION	UW BUD# 800400	8,686
19.415	3600	ALLIANCE FOR AMERICAN MUSEUMS(AAM)	SECACU12CA100SSAM01	69,229
20.000	3600	APPLIED PAVEMENT TECHONOLOGY, INC.	TOPR210026RR02UW1	48,824
20.000	3600	APPLIED RESEARCH ASSOCIATES, INC.	UW BUD# 667352	2,638
20.000	3600	BOOZ ALLEN HAMILTON, INC.	101219SB1E TO01 MOD2	-24
20.000	3600	BOOZ ALLEN HAMILTON, INC.	101219SB1E TO02 MOD03	100,959
20.000	3600	CAMBRIDGE SYSTEMATICS, INC.	008500-050 MOD01	-43
20.000	3600	CAMBRIDGE SYSTEMATICS, INC.	8500-060 MOD01	33,578
20.000	3600	THE UNIVERSITY OF IOWA	1001283139	17,890
20.000	3600	WESTAT, INC.	8928-S-08 T007 MOD01	89,881
20.000	3650	NAT'L ACADEMIES	HR0949A	295,509
20.000	3650	PULSAR INFORMATICS INC	WSU006	8,876
20.000	3650	SPOKANE TRANSIT AUTH	WSU000305	4,314
20.000	3650	UNIV OF NORTH TEXAS	GF40511	22,870
20.000	3650	VA TECH UNIV	45119919276	455,441
20.205	3700	TCEDD-Transportation	GCB1533	7,065
20.215	3650	ENGINEERING & SOFTWARE CONSULT	1213	69,663
20.239	3600	VIRGINIA TECH	425942-19124A	93,190
20.514	3600	SOUND TRANSIT	4266001	11,051
20.701	3700	NDSU-Emergency Prep Plan	N/A	1,896
20.761	3650	OR ST UNIV FED	T0013GA	20,129
21.000	1480	Neighborworks	PLC112-55.95X1350	3,219
42.999	3800	Metro State University of Dender	None	2,222
43.000	3600	ARIZONA STATE UNIVERSITY	08-964 AM09	2,481

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43.000	3600	BARRON ASSOCIATES, INC.	435-SC01 MOD04	-1,850
43.000	3600	BAYLOR COLLEGE OF MEDICINE	SMST03402	398,514
43.000	3600	BAYLOR COLLEGE OF MEDICINE	SMST03402 AM01	9,545
43.000	3600	CA INST OF TECH	2-1092669 MOD01	60,679
43.000	3600	CA INST OF TECH JPL	1318945 MOD16	105,343
43.000	3600	CA INST OF TECH JPL	1459517 MOD01	89,084
43.000	3600	CA INST OF TECH JPL	SUBCONTRACT1469582MOD0	3,086
43.000	3600	CALIFORNIA INSTITUTE OF TECHNOLOGY (CALTECH)	RSA 1434690	-200
43.000	3600	CARNEGIE INSTITUTION OF WASHINGTON	4-10067-4051 AM19	31,520
43.000	3600	GEORGIA INSTITUTE OF TECHNOLOGY	RC508-G1 AM02	17,420
43.000	3600	JET PROPULSION LAB	1303809 MOD15	74,302
43.000	3600	JET PROPULSION LAB	1318943NNN13D006TMOD19	43,377
43.000	3600	JET PROPULSION LAB	1359623 MOD09	135,722
43.000	3600	JET PROPULSION LAB	RSA 1439137	10,888
43.000	3600	JET PROPULSION LABORATORY	1375272, MOD08	59,151
43.000	3600	JET PROPULSION LABORATORY	1377557 MOD 04	243
43.000	3600	JET PROPULSION LABORATORY	1420479 MOD07	39,255
43.000	3600	JET PROPULSION LABORATORY	1458461TONM0710772MOD0	110,699
43.000	3600	JET PROPULSION LABORATORY	RSA1368471MOD02NM07100	9,605
43.000	3600	MALIN SPACE SCIENCE SYSTEMS, INC.	12-0233 MOD02	258,495
43.000	3600	NANOSONIC, INC.	UW BUD# 668636	31,500
43.000	3600	NATIONAL SPACE BIOMEDICAL RESEARCH	MA01603 AM05	-1,515
43.000	3600	PRINCETON UNIVERSITY	00001601 MOD06	240,764
43.000	3600	SMITHSONIAN A. O.	ARO-11014X AM03	29,213
43.000	3600	SMITHSONIAN ASTROPHYSICAL OBSERVATORY	SV3-83025 AM02	17,392
43.000	3600	SPACE TELESCOPE SCI INST	46508 MOD02	16,600
43.000	3600	SPACE TELESCOPE SCI INST	HST-AR-10945.01-A AM07	37,020

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43.000	3600	SPACE TELESCOPE SCI INST	HST-AR-12852.03-A AM01	49,285
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-11580.001A AM05	765
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-11688.01-A AM02	40,864
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-11718.01-A AM03	40,523
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-11732.02-A	5,498
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-11986.01-A AM03	35,099
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-12055.01-A AM05	585,969
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-12178.01-A AM01	40,021
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-12180.07-A	1,355
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-12213	-249
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-12231.01-A	32,341
43.000	3600	SPACE TELESCOPE SCI INST	HST-HF-51273.01-A AM04	21,568
43.000	3600	SPACE TELESCOPE SCI INST	HSTGO1205501AAMEND1	17,403
43.000	3600	STANFORD UNIVERISTY	PY-2426-22727-D AM25	41,338
43.000	3600	STIRLING DYNAMICS, INC.	UW BUD# 663172	2,111
43.000	3600	SYSTIMA TECHNOLOGIES, INC.	UW BUD# 660142	64,118
43.000	3600	UNIV OF OREGON	230660A MOD01	11,637
43.000	3600	UNIVERSITY CORP FOR ATMOSPHERIC RESEARCH	Z11-92259 MODM02	66,774
43.000	3600	UNIVERSITY OF PENNSYLVANIA	PO2023778547974MOD02	-14,672
43.001	3600	BOSTON UNIVERSITY	4500001053 AM01	20,951
43.001	3600	DARTMOUTH COLLEGE	510 AM01	24,861
43.001	3600	DARTMOUTH COLLEGE	510 AM11	203,774
43.001	3600	HARRIS CORPORATION, GCSD C-21A	PO# 56043	50,638
43.001	3600	HAVARD UNIVERSITY	1307855060310PRNNX13AN	29,348
43.001	3600	OHIO STATE U RESEARCH FOUNDATION	UW BUD# 667546	1,903
43.001	3600	SMITHSONIAN ASTROPHYSICAL OBSERVATORY	AR2-13007X AM02	2,054
43.001	3600	SMITHSONIAN ASTROPHYSICAL OBSERVATORY	AR2-13008X	2,595



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43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-12619.07-A AM01	10,744
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-12622.01-A	3,337
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-12628.01-A	24,001
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-12656.05-A	-1,464
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-12834.01-A	9,056
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-12853.04-A	7,740
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-13264.01-A	27,038
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-13277.01-A	14,051
43.001	3600	SPACE TELESCOPE SCI INST	HST-EO-12512.06-A	2,403
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-12181.05-A AM01	10,528
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-12581.06-A	8,263
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-12862.05-A	2,872
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-12870.07-A	20,902
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-12925.006-A	2,320
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-13297.06-A	5,174
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-13357.01-A AM01	30,778
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-13366.004-A	27,206
43.001	3600	SUNY PLATTSBURGH	240-1095070-57589	5,245
43.001	3600	THE TRUSTEES OF COLUMBIA UNIVERSITY, NY	1 GG008879 AM01	8,208
43.001	3600	UNIVERISTY OF UTAH	10029442-WA	21,814
43.001	3600	UNIVERSITY OF CALIFORNIA SANTA CRUZ	S0184217 AM01	52,270
43.001	3600	UNIVERSITY OF HAWAII, MANOA	MA140004 AM01	10,348
43.001	3600	UNIVERSITY OF HAWAII, MANOA	MA140004PRNNX13AF20G	1,070
43.001	3600	UNIVERSITY OF MASSACHUSETTS	12-006827 AM03	98,395
43.001	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101094	12,000
43.001	3650	CA INST OF TECH	361090335	48,280
43.001	3650	CORNELL UNIV FED FLOW	627619776	39,158
43.001	3650	INTELLIGENT FIBER OPTIC SYSTEM	WSU001261	-12,949

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43.001	3650	NEOTERIC PHYSICS	NNX12AQ56G"	55,012
43.001	3650	UNIV OF ID FED	GNK013SB001	68,988
43.001	3700	NSGF-NSSSC Competition 2013	N/A	85
43.002	3600	THE OHIO STATE UNIVERSITY RESEARCH FOUN	60016653RF01120294AM07	507
43.002	3600	UNIVERSITY OF COLORADO	1548572 MOD03	292,344
43.009	3600	MICHIGAN TECHNOLOGICAL UNIVERSITY	1305058Z1/P0092676	15,784
47.000	3600	OREGON HEALTH & SCIENCE UNIVERISTY	GSTCN010652UWAPLAM2	8,675
47.000	3600	OREGON HEALTH & SCIENCE UNIVERISTY	GSTCN0106S2 AM07	461,209
47.000	3600	UNIVERSITY OF HAWAII	PO# Z10043109	10,321
47.000	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	49092217	29,236
47.000	3600	UNIVERSITY OF SOUTHERN MISSISSIPPI	PO#27191	8,494
47.000	3650	FORT VALLEY STATE UNIV	WSU002603	1,928
47.000	3650	MUSEUM OF SCIENCE BOSTON	WSU002453	2,989
47.000	3650	UNIVERSITY OF ROCHESTER	415909G	72,695
47.000	6990	University of Washington	677553	55,000
47.041	3600	ARZEDA CORPORATION	UW BUD# 667586	69,625
47.041	3600	CORNELL NANOSCALE SCI & TECH FACILITY	44771-7473 AM21	48,953
47.041	3600	CORNELL NANOSCALE SCI & TECH FACILITY	44771-7473 AM22	129,037
47.041	3600	CORNELL NANOSCALE SCI & TECH FACILITY	44771-7473 AM24	1,043,000
47.041	3600	CORNELL NANOSCALE SCI & TECH FACILITY	44771-7473 AM26	695,714
47.041	3600	DEURION LLC	NSF1330459-SUB1	1,706
47.041	3600	ENERGETIQ TECHNOLOGY	205-01	40,403
47.041	3600	LODESPIN LABS	72209	-666
47.041	3600	MICROGREEN POLYMERS, INC.	IIP-1127360	56,024
47.041	3600	PLAY WORKS STUDIO, INC	PRIME 1346821	29,134
47.041	3600	POLYDROP, LLC	UW BUD# 663543	32,267
47.041	3600	PURDUE UNIVERSITY	NEES-4101-31868 AM14	64,323
47.041	3600	UNIVERSITY OF MICHIGAN	3002732486	11,341

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47.041	3600	VIRGINIA POLYTECHNIC INST AND STATE UNIV	478496-19124 MOD02	27,891
47.041	3600	WILLIAM MARSH RICE UNIVERSITY	R3D381 AM02	141,620
47.041	3600	YAINIX MEDICAL, LLC	IIP-1315779 AM01	19,576
47.041	3650	BENSON HILL BIOSYSTEMS	120889001	63,808
47.041	3650	PURDUE UNIV	410151649	44,560
47.041	3650	UNITED ENVIRONMENT & ENERGY	WSU002184	6,295
47.041	6990	N. Carolina A&T State University	260118A	13,479
47.049	3600	EMORY UNIVERSITY	S880653	33,542
47.049	3600	EMORY UNIVERSITY	T082877FORMERLYS880653	109,822
47.049	3600	INSTITUTE FOR ADVANCED STUDY	7443-2307, AMEND5	8,378
47.049	3600	INSTITUTE FOR ADVANCED STUDY	7443-2307AM	29,001
47.049	3600	INSTITUTE FOR ADVANCED STUDY	IAS-EHR-0314808	3,776
47.049	3600	LSST CORPORATION	C44009L AM08	68,991
47.049	3600	LSST CORPORATION	C44009L AM09	242,702
47.049	3600	LSST CORPORATION	C44036L AM05	47,936
47.049	3600	LSST CORPORATION	C44036L AM06	174,480
47.049	3600	LSST CORPORATION	C44051L AM04	145,280
47.049	3600	LSST CORPORATION	C44051L/AM03	24,733
47.049	3600	LSST CORPORATION	C44068L AM03	23,792
47.049	3600	LSST CORPORATION	C44068L AM04	45,762
47.049	3600	RESEARCH & SPONSORED PROGS ACCT	202054 AM01	66,508
47.049	3600	SRI INTERNATIONAL, INC.	AGS-1239348 MOD01	12,832
47.049	3600	UNIVERSITY OF CALIFORNIA SANTA CRUZ	S0183165AM02	5,181
47.049	3600	UNIVERSITY OF CHICAGO	FP044186PHY1003940AM02	122,227
47.049	3600	UNIVERSITY OF ILLINOIS	2009-01366-01 AM04	7,700
47.049	3600	UNIVERSITY OF ILLINOIS	20090136601A2860085556	19,868
47.049	3600	UNIVERSITY OF NOTRE DAME	202048UW AM02	31,463
47.049	3600	UNIVERSITY OF NOTRE DAME	PHY-1219444	4,103

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47.049	3600	YALE UNIVERSITY	C14D11736(D01999)	217,715
47.049	3650	UNIV OF ID FED	AMK869SB001	78,498
47.049	3750	American Physical Society	NSF#PHY0808790	18,984
47.049	6990	Brevard Community College	DUE 0532618	1,975
47.050	3600	ARIZONA STATE UNIVERSITY	14386PREAR1338810AM01	682
47.050	3600	COLORADO STATE UNIVERSITY	G-3045-5 AM06	34,418
47.050	3600	COLORADO STATE UNIVERSITY	G-3624-12AM03	64,974
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP	T344B85 MOD01	2,075
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	BA-85 POT334A85	352
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	P.O. T344A85 MOD01	9,158
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	SA 9-09	15,050,883
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	SA 9-09 MOD	5,274
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	SA 9-09 MOD 12	1,289,999
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	SA 9-09 MOD 2	-18,848
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	SA 9-09 MOD 5	2,573,760
47.050	3600	DUKE UNIVERSITY	14-NSF-1031	47,498
47.050	3600	GEORGIA INSTITUTE OF TECHNOLOGY	RB701-G1	48,602
47.050	3600	IRIS	07-UWA-SAGE AM01	52,574
47.050	3600	IRIS	45-DMS AM04	21,274
47.050	3600	OREGON HEALTH & SCIENCE UNIVERSITY	GSTCN0106S6-UW AM05	106,754
47.050	3600	SEA EDUCATION ASSOCIATION, INC.	OCE-1155379-001	6,080
47.050	3600	SESA EDUCATION ASSOCIATION, INC.	OCE-1260403-002	11,977
47.050	3600	STROUD WATER RSCH CTR	340038-55900 MOD01	32,478
47.050	3600	THE TRUSTEES OF COLUMBIA UNIVERSITY, NY	4 (GG002456) AM08	143,238
47.050	3600	UNIV OF CA SAN DIEGO	39017989 MOD01	38,448
47.050	3600	UNIV OF CA SAN DIEGO	39017989-002	70,191
47.050	3600	UNIVERSITY OF CALIFORNIA DAVIS	201224982-01 AM01	47,345
47.050	3600	UNIVERSITY OF CALIFORNIA RIVERSIDE	S-000375	-5,650

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47.050	3600	UNIVERSITY OF OREGON	208991B AM04	99,678
47.050	3600	UTAH STATE UNIVERSITY	12053604 AM01	39,360
47.050	3650	UNIV OF MI	3002608135	789
47.050	3650	UNIVERSITY OF MISSOURI	C000235246	8,895
47.050	3750	UNAVCO, Inc.	S10-EAR1261833-S2/EAR1	62,853
47.050	3800		207391C	51,170
47.050	3800		FP33389	23,024
47.050	3800		PO# 10009041	14,767
47.050	3800		T325A77	7,880
47.050	3800		T350A77	28,367
47.070	3600	CALIFORNIA INSTITUTE OF TECHNOLOGY	7E-1094749 MOD01	25,515
47.070	3600	COMPUTER RESEARCH ASSOCIATION	POSTDOC002	40,213
47.070	3600	COMPUTING RESEARCH ASSOCIATION	A31928/FA18338 AM08	-591
47.070	3600	COMPUTING RESEARCH ASSOCIATION	CCC-UW-072013	134,651
47.070	3600	COMPUTING RESEARCH ASSOCIATION	CIF-E-002 AM02	52,952
47.070	3600	CORNELL UNIVERSITY	58007-9069 AM05	113,648
47.070	3600	PRINCETON UNIVERSITY	00002083 MOD01	20,184
47.070	3600	STANFORD UNIVERSITY	60167194-106431-A	107,031
47.070	3600	STROUD WATER RESEARCH CENTER	340051-55900	8,200
47.070	3600	UNIVERSITY OF COLORADO	1549807 MOD01	131,146
47.070	3650	UNIV OF MD/BALT CNTY	0000013311	37,220
47.074	3600	CORNELL UNIVERSITY	63655-9675 AM02	86,831
47.074	3600	ICHAUWAY, INC.	A91030	31,142
47.074	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2014.0001 AM01	47,211
47.074	3600	MICHIGAN STATE UNIVERSITY	61-2075UW AM03	42,252
47.074	3600	MICHIGAN STATE UNIVERSITY	61-2075UW AM05	43,010
47.074	3600	MICHIGAN STATE UNIVERSITY	61-2075UW AM06	89,130
47.074	3600	MICHIGAN STATE UNIVERSITY	61-2075UW AM07	44,212

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47.074	3600	MICHIGAN STATE UNIVERSITY	61-2075UW AM09	235,399
47.074	3600	THE UNIVERSITY OF NORTH CAROLINE	5-37598 AM01	38,127
47.074	3600	UNIVERSITY OF MASSACHUSETTS, WORCESTER	6110567/RFS900119 AM03	-2
47.074	3600	UNIVERSITY OF PUGET SOUND	211025-UW AM03	310
47.074	3600	UNIVERSITY OF WISCONSIN-MADISON	252F195 AM03	12,677
47.074	3650	CORNELL UNIV FED FLOW	602479191	1,968
47.074	3650	UNIV OF MD	Z370805	10,104
47.074	3750	University of Kansas Ctr for Research	FY2011-099/IOS0951254	22,007
47.075	3600	ASSOCIATION FOR INSTITUTIONAL RESEARCH	DG12-64	2,611
47.075	3600	GALLAUDET UNIVERSITY	0000021943	2,310
47.075	3600	SEATTLE UNIVERSITY	31-177622SA-01 MOD1	21,477
47.075	3600	UNIVERSITY OF CALIFORNIA, SAN DIEGO	PO 10321094-002	81,353
47.075	3600	UNIVERSITY OF MASSACHUSETTS	13007301A00PO000134381	9,204
47.076	3600	ASSOCIATION OF AMERICAN GEOGRAPHERS	NSFEDGEREESE7026AM01	16,474
47.076	3600	EXPLORATORIUM	S-DRL-1224135-UW1	38,194
47.076	3600	EXPLORATORIUM	S-DUE-1238253-UW1 AM01	298,328
47.076	3600	MEDICAL UNIVERSITY OF SOUTH CAROLINA	MUSC13-081	10,367
47.076	3600	MICHIGAN STATE UNIVERSITY	RC101209UW AM03	87,739
47.076	3600	PORTLAND STATE UNIVERSITY	201ERV282 AM01	4,261
47.076	3600	STEVENS INSTITUTE OF TECHNOLOGY	527631-004 AM05	53,688
47.076	3600	THE FRANKLIN INSTITUTE SCIENCE MUSEUM	NSF DRL-1223730	4,635
47.076	3600	THE PENNSYLVANIA STATE UNIVERSITY	4769-UW-NSF-6204 AM01	29,091
47.076	3600	UNIVERSITY OF COLORADO DENVER	FY11.455.001_AMD04_UWA	31,869
47.076	3600	UNIVERSITY OF ROCHESTER	UR ACCT#5-23450 AM03	81,169
47.076	3600	VANDERBILT UNIVERSITY	2327-013631	32,840
47.076	3650	DEL MAR COLLEGE DISTRICT	201202Q	13,486
47.076	3650	EDMONDS COMMUN COLLEGE	NSFATEDUE1002931	46,923
47.076	3650	MI ST UNIV	RC101209WSU	70,947

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47.076	3650	PA ST UNIV FED FLOW	3558WSUNSF3747	15,037
47.076	3650	UNIV OF NE FED	WSU002562	596
47.076	3650	WRIGHT STATE UNIV	667378	7
47.076	3750	Carleton College	DUE1125331	41,339
47.076	3760	NSF UTAH AGREEMENT	RA10026223	1,962
47.076	6990	Central Washington University	G680	1,484
47.076	6990	Edmonds Community College	MA12037	10,357
47.076	6990	Finger Lakes Community College	SNF#1118679	8,355
47.076	6990	Missouri State University	G534/G535	60,966
47.076	6990	Sinclair Community College	DUE 1304405	27,925
47.076	6990	UW- MESA STEM	677551	53,708
47.078	3600	UNIV OF KANSAS, CENTER FOR RESEARCH INC	FY2011-025-M5 MOD05	193,188
47.078	3600	UNIVERSITY OF ALASKA FAIRBANKS	PO FP33458	19,197
47.078	3650	UNIV OF MN FED FLOW	D001872701	2,512
47.078	3750	Pennsylvania State University	3778CWUNSF2136	8,044
47.079	3600	OREGON STATE UNIVERSITY	S1315A-C AM03	5,620
47.079	3600	OREGON STATE UNIVERSITY	S1315A-C AM04	69,430
47.080	3600	UNIVERSITY OF ILLINOIS	2010-07196-04	18,049
47.080	3600	UNIVERSITY OF ILLINOIS	2010-07196-04 AM02	9,704
47.080	3600	UNIVERSITY OF ILLINOIS	2010-07196-04 AM03	98,008
47.082	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	SA 9-09	1,050,509
47.082	3600	UNIVERSITY OF DELAWARE	SUB24957PRIMENSF072497	21,347
47.082	3600	UNIVERSITY OF MARYLAND BALTIMORE COUNTY	0000007899	-56
47.082	3750	UNAVCO, Inc.	EAR0732947/S10EAR07329	49,262
64.000	3600	SINCLAIR ADVISORY GROUP LLC	MOD 02	174,077
64.000	3600	SINCLAIR ADVISORY GROUP LLC	UW BUD# 664515	46,122
66.000	3600	HEALTH EFFECTS INSTITUTE	4945-RFA13-1/14-6	7,313

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66.000	3600	KING COUNTY WATER AND LAND RESOURCES DIV	D39477D AM01	-94
66.000	3600	PORT TOWNSEND MARINE SCIENCE CENTER	A84730 AM01	4,385
66.000	3650	FUNGI PERFECTI LLC	WSU002282	16
66.000	3650	ROSS STRATEGIC	GS-00F-0045P	3,665
66.034	3600	NTNL ENVIRONMENTAL EDUCATION FNDTN	UW BUD# 674331	978
66.034	3600	NTNL ENVIRONMENTAL EDUCATION FNDTN	UW BUD# 674745	3,357
66.120	3600	City of Seattle	ORGU2181ACCT741190ACTU	21,763
66.123	4610	Coastal Watershed Institute	PC-00J29801-0	31,416
66.509	3600	UC DAVIS	07-003825-02 AM05	48,824
66.509	3600	WATER ENVIRONMENT RESEARCH FOUNDATION	UW BUD# 666526	17,712
66.509	3650	CA INST OF TECH	68F1088313	46,892
66.509	3650	CO ST UNIV FED FLOW	G58681	45,462
66.511	3600	HEALTH EFFECTS INSTITUTE	UW BUD# 662042	9,941
66.605	3650	ID DEPT OF ENVIR QUAL FED FLOW	C794	156,273
66.612	3800		TRI-GR3-2012	2,544
81.000	3600	ALSTOM GRID, INC.	3481-4700190350	67,137
81.000	3600	ALSTOM GRID, INC.	3481-4700190350 AM01	24,137
81.000	3600	ARGONNE NATIONAL LABORATORY	2F-31381 MOD02	48,021
81.000	3600	ARGONNE NATIONAL LABORATORY	3F-32162 MOD02	15,555
81.000	3600	ARGONNE NATIONAL LABORATORY	4F-30041	18,095
81.000	3600	BATTELLE ENERGY ALLIANCE LLC	00102644	168,276
81.000	3600	BATTELLE MEMORIAL INST	CONTRACT96824MOD06MA75	312,006
81.000	3600	BATTELLE MEMORIAL INST	TO #204247 MOD02	11,224
81.000	3600	BATTELLE MEMORIAL INST	TO 108989 MOD05	55,671
81.000	3600	BATTELLE MEMORIAL INSTITUTE	182280 MOD01	11,694
81.000	3600	BATTELLE MEMORIAL INSTITUTE	TO#177999 MOD02	45,287
81.000	3600	BATTELLE PACIFIC NW LABS	170669 MOD04	-14



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81.000	3600	BATTELLE PACIFIC NW LABS	21701 MOD13	73,488
81.000	3600	BATTELLE PACIFIC NW LABS	MASTER75501TO227101	27,678
81.000	3600	BATTELLE PACIFIC NW LABS	TASKORDER161937MOD04	20,866
81.000	3600	BATTELLE PACIFIC NW LABS	TO160891MSTR75501MOD02	49,762
81.000	3600	BATTELLE PACIFIC NW NATIONAL LAB	172543 MOD03	9,760
81.000	3600	BONNEVILLE POWER ADMINISTRATION	61267	139,360
81.000	3600	CELLANA LLC	USFHLJC02 AM01	78,211
81.000	3600	CLEMSON UNIVERSITY	1725-205-2010044	14,404
81.000	3600	FERMI NTL ACCELERATOR LAB	PO 608495	9,050
81.000	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2013.0005	39,789
81.000	3600	KRELL INSTITUTE	UW BUD# 800401	11,818
81.000	3600	KRELL INSTITUTE	UW BUD# 807280	6,238
81.000	3600	KRELL INSTITUTE	UW BUD# 807394	21,308
81.000	3600	LAWRENCE LIVERMORE NATIONAL LABORATORY	B598717 MOD03	50,829
81.000	3600	MISSION SUPPORT ALLIANCE, LLC	45809 AM02	77,844
81.000	3600	NATIONAL RENEWABLE ENERGY LABORATORY	AGG-2-22256-01 MOD02	1
81.000	3600	NATIONAL RENEWABLE ENERGY LABORATORY	XHD-4-42006-01	66,444
81.000	3600	OAK RIDGE NATIONAL LABORATORY (ORNL)	4000127504 MOD02	41,442
81.000	3600	PC TRASK AND ASSOCIATES INC	FA48556 AM07	54,012
81.000	3600	SANDIA NATIONAL LABORATORIES	1038388 MOD07	-260
81.000	3600	SNOHOMISH COUNTY	61661	41,717
81.000	3600	SNOHOMISH COUNTY	61661 AM02	48,538
81.000	3600	SOLAR-WORLD INDUSTRIES AMERICA, INC.	GO-DE-005313-07	-24,676
81.000	3600	STANFORD UNIVERISTY	113484 MOD01	97,063
81.000	3600	UC - LOS ALAMOS NATIONAL LABORATORY	188680-1 MOD02	54,179
81.000	3600	UNIV OF CA, ERNEST ORLANDO	6700882 MOD22	521,233
81.000	3600	UNIV OF CA, ERNEST ORLANDO	6700882, MOD09	-55

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81.000	3600	UNIVERSITY OF NEW MEXICO	889186-874J AM09	68,556
81.000	3600	US DEPT OF ENERGY BPA	00059750	19,137
81.000	3600	UT BATTELLE, LLC	4000093555 MOD10	249,223
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	38705136	24,667
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	XEA32324801	13,069
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	XFA11165201	3,903
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	XGB22220401	42,225
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	ZEA-4-42204-01	24,047
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	ZFT04064401	103,104
81.000	3650	BATTELLE ENERGY ALLIANCE FED F	00014002	79,892
81.000	3650	BATTELLE ENERGY ALLIANCE FED F	00126553	267,073
81.000	3650	BATTELLE ENERGY ALLIANCE FED F	00127427	303,007
81.000	3650	BATTELLE ENERGY ALLIANCE FED F	RELEASE00020	238,037
81.000	3650	BATTELLE ENERGY ALLIANCE FED F	RELEASE00022	207,409
81.000	3650	BATTELLE ENERGY ALLIANCE FED F	RELEASE00023	87,408
81.000	3650	BATTELLE LABS	"193650	13,610
81.000	3650	BATTELLE LABS	104976	-1,310
81.000	3650	BATTELLE LABS	109822	10,018
81.000	3650	BATTELLE LABS	109823	39,001
81.000	3650	BATTELLE LABS	118074	153,477
81.000	3650	BATTELLE LABS	130236	165
81.000	3650	BATTELLE LABS	142361	-12,384
81.000	3650	BATTELLE LABS	154955	69,925
81.000	3650	BATTELLE LABS	162817	45,945
81.000	3650	BATTELLE LABS	171377	63,991
81.000	3650	BATTELLE LABS	172660	50,560
81.000	3650	BATTELLE LABS	193788	12,500
81.000	3650	BATTELLE LABS	195572	8,281

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81.000	3650	BATTELLE LABS	198288	3,703
81.000	3650	BATTELLE LABS	201044	3,688
81.000	3650	BATTELLE LABS	202042	4,851
81.000	3650	BATTELLE LABS	203649	38,657
81.000	3650	BATTELLE LABS	203920	186,218
81.000	3650	BATTELLE LABS	205993	12,000
81.000	3650	BATTELLE LABS	218529	7,502
81.000	3650	BATTELLE LABS	219144	7,507
81.000	3650	BATTELLE LABS	221391	19,884
81.000	3650	BATTELLE LABS	225988	65,174
81.000	3650	BATTELLE LABS	227795	26,082
81.000	3650	BATTELLE LABS	230190	6,898
81.000	3650	BATTELLE LABS	232527	4,227
81.000	3650	CASCADE ENERGY ENGINEERING INC	0040	-264
81.000	3650	CASCADE ENERGY ENGINEERING INC	0182	261
81.000	3650	CHENEGA GOVERNMENT CONSULTING	270031SUBWSU5418EERE	-133,535
81.000	3650	CITY OF SEATTLE	OSE1018	125,173
81.000	3650	CITY OF SEATTLE	OSE1145	44,006
81.000	3650	HYDRO RESEARCH FOUNDATION	WSU002135	9,250
81.000	3650	LOS ALAMOS NAT'L SECURITY LLC	1566121	6
81.000	3650	LOS ALAMOS NAT'L SECURITY LLC	252595	24,652
81.000	3650	LOS ALAMOS NAT'L SECURITY LLC	4792600109	-1,018
81.000	3650	LOS ALAMOS NAT'L SECURITY LLC	7496200109	4,266
81.000	3650	LOS ALAMOS NAT'L SECURITY LLC	8446100110	15,028
81.000	3650	MISSION SUPPORT ALLIANCE LLC	51419	69,167
81.000	3650	OREGON BUILT ENVIRON & SUSTAIN	M766_WSU002620	20,146
81.000	3650	OREGON BUILT ENVIRON & SUSTAIN	WSU002572	18
81.000	3650	OREGON BUILT ENVIRON & SUSTAIN	WSU002634	11,869

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81.000	3650	PROJECT PERFORMANCE CORP	1511WSU01	742
81.000	3650	PUGET SOUND CLEAN AIR AGCY	2008001	-15,780
81.000	3650	SANDIA NAT'L LAB FED	1072147	6,215
81.000	3650	SANDIA NAT'L LAB FED	1316643	58,335
81.000	3650	SATURN RESOURCE MGMT	GUAR41771961	10,597
81.000	3650	SAVANNAH RIVER NUCLEAR LLC	0000114311	101,538
81.000	3650	TEXAS A&M AGRILIFE RESEARCH	GUAR56042034	29,078
81.000	3650	THURSTON REGIONAL PLNG COUNCIL	WSU001294	6,585
81.000	3650	UNIV OF CA DAVIS	01625878"	7,047
81.000	3650	UNIV OF CA-BERKELEY FED FLOW	6833311	-4,743
81.000	3650	UNIV OF CA-BERKELEY FED FLOW	6962257	1,821
81.000	3650	UNIV OF CA-BERKELEY FED FLOW	7049758	190,749
81.000	3650	UNIV OF CA-BERKELEY FED FLOW	7072054	28,264
81.000	3650	UNIV OF CENTRAL FL	268378	74,146
81.000	3650	UNIV OF CENTRAL FL	GUAR41771993	21,764
81.000	3650	UNIV OF IL FED FLOW	2012_05926_01	33,581
81.000	3650	UT-BATTELLE LLC FED FLOW	4000128151	41,043
81.000	3650	UT-BATTELLE LLC FED FLOW	400112928	176,815
81.000	3700	Kal Tr-Bull Trout 12-13	2007-246-00 47330	4
81.000	3700	Kal Tr-Bull Trout 13-14	2007-246-00 47330	104,803
81.000	3700	Kal Tr-Bull Trout 14-15	2007-246-00 64984	13,304
81.000	3700	Spo Tribe-BPA Lk Roosevelt 12-13	1994-043-00	21,643
81.000	3700	Spo Tribe-BPA Lk Roosevelt 13-14	1994-043-00	139,422
81.000	3700	UCUT Monitoring 13-14	200800700	105,287
81.000	3700	UCUT-Monitoring 14-15	200800700	19,123
81.000	3800		201275	25,540
81.000	4610	National Fish and Wildlife Foundation	0201.12.033734	23,468
81.000	4610	National Fish and Wildlife Foundation	0201.13.039722	76,190

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81.000	4770	Oregon Dept of Fish & Wildlife	324-12	116,132
81.000	4770	Oregon Dept of Fish & Wildlife	391-13	349,570
81.000	4770	Pacific States Marine Fisheries Commission	13-38	43,724
81.000	4770	Pacific States Marine Fisheries Commission	13-57	142,050
81.000	4770	Pacific States Marine Fisheries Commission	13-78	575,616
81.000	4770	Pacific States Marine Fisheries Commission	13-79	19,085
81.000	4770	Pacific States Marine Fisheries Commission	14-42	286,840
81.000	4770	Pacific States Marine Fisheries Commission	14-47	72,415
81.000	4770	Pacific States Marine Fisheries Commission	14-55	24,344
81.000	4770	Pacific States Marine Fisheries Commission	14-68	10,976
81.000	4770	Pacific States Marine Fisheries Commission	14-93	314,786
81.000	4770	Pacific States Marine Fisheries Commission	14-94	15,124
81.000	4770	Pacific States Marine Fisheries Commission	14-97	27,832
81.000	4770	Pacific States Marine Fisheries Commission	14-98	14,477
81.041	3650	ID OFFICE OF ENERGY RESOURCES	CON00210	-285
81.049	3600	AERODYNE RESEARCH, INC	ARI 10667-4 AM02	-8,645
81.049	3600	BATTELLE MEMORIAL INSTITUTE	124328	15,720
81.049	3600	CARNEGIE MELLON UNIVERSITY	1070096-242680 AM03	51,437
81.049	3600	EAGLE HARBOR TECHNOLOGIES, INC.	DE-SC000448	1,217
81.049	3600	EAGLE HARBOR TECHNOLOGIES, INC.	PRIME DE-SC0006281	-8,747
81.049	3600	EAGLE HARBOR TECHNOLOGIES, INC.	UW BUD# 667707	34,999
81.049	3600	EAGLE HARBOR TECHNOLOGIES, INC.	UWOSPA66435DESC000448M	53,885
81.049	3600	FOREST CONCEPTS, LLC	UW BUD# 639982	5,409
81.049	3600	MARINE BIOLOGICAL LABORATORY	44978 AM002	103,521
81.049	3600	NORTHEASTERN UNIVERSITY	503018 MOD04	28,615
81.049	3600	PRINCETON UNIVERSITY	00001890 MOD03	56,900
81.049	3600	RESEARCH FOUNDATION OF SUNY	63761 AM02	38,173
81.049	3600	UNIVERSITY OF CALIFORNIA, LOS ANGELES	0190GQB351 AM01	175,075

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81.049	3600	UNIVERSITY OF ILLINOIS	2003-07059-05 (A6929)	23,888
81.049	3600	UNIVERSITY OF ILLINOIS	20030705905AM01A6929	129,807
81.049	3600	UNIVERSITY OF MISSOURI-COLUMBIA	C00034442-1 AM01	159,415
81.049	3600	UNIVERSITY OF NEVADA, RENO	UNR-13-62	3,251
81.049	3650	DONALD DANFORTH PLANT SCI CTR	23009-WS	290,396
81.049	3650	DONALD DANFORTH PLANT SCI CTR	DDPSC21017WS	388,990
81.049	3650	FOREST CONCEPTS LLC	WSU002685	18,528
81.049	3650	INNOVATEK INC	10154	289
81.049	3650	UNIV OF MN FED FLOW	A003127004	144,067
81.049	3650	UNIV OF NM	740058874P	136,277
81.049	3700	UCLA-EFRC	0190 G MA598	33,793
81.049A	3600	BATTELLE MEMORIAL INSTITUTE	124328	181,901
81.049A	3600	UNIVERSITY OF ARIZONA	Y551851 AMEND 6	158,970
81.086	3600	GENERAL MOTORS	TCS65292	207,749
81.086	3650	PUGET SOUND CLEAN AIR AGCY	20110140IAA	-246
81.087	3600	BAY AREA PHOTOVOLTAIC CONSORTIUM	60213274-51077-L AM4	413,312
81.087	3600	CONSORTIUM FOR PLANT BIOTECHNOLOGY	GO12026-300 AM-C	-1,278
81.087	3600	OCEAN RENEWABLE POWER COMPANY	CA-14004	16,839
81.087	3600	OCEAN RENEWABLE POWER COMPANY	CA-14004 AM01	155
81.087	3600	OREGON STATE UNIVERSITY	G0107A-A AM07	171,680
81.087	3600	OREGON STATE UNIVERSITY	G0107K-A AM01	368,544
81.087	3600	OREGON STATE UNIVERSITY	G0128A-A AM03	34,693
81.087	3600	OREGON STATE UNIVERSITY	G0139A-A	586
81.087	3600	STANFORD UNIVERSITY	60213273-51077-K AM03	113,230
81.087	3600	UNIVERSITY CORP FOR ATMOSPHERIC RESEARCH	Z13-13583 MOD02	24,385
81.087	3650	PORT OF BENTON	WSU002046	262,225
81.087	4900	Arizona Geological Survey	DE-EE0002850	150,771

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81.087A	3600	DONALD DANFORTH PLANT SCIENCE CENTER	28302-U	-150
81.089	3600	UNIVERSITY OF WISCONSIN-MADISON	424K340 UW	94,111
81.089	3650	MT ST UNIV - BOZEMAN	G12912W3521	80,288
81.106	2250	Western Governors Association	C130047FED-TWX2	70,873
81.112	3650	CARNEGIE INSTITUTION WASHINGTO	4_10469_23	26,521
81.119	3650	ID OFFICE OF ENERGY RESOURCES	CON00205	-5,041
81.121	3650	BATTELLE LABS	224075	36,445
81.122	3650	AZ ST UNIV FED FLOW	11453	6,501
81.122	3650	MS ST UNIV	06070036201402	79,302
81.122	3650	UNIV OF IL FED FLOW	20100125103	395,454
81.122	3650	UNIV OF MN FED FLOW	A000211585	-643
81.122	3750	City of Ellensburg	Professional Agreement	34,377
81.135	3600	UNIVERSITY OF CALIFORNIA, LOS ANGELES	0130 G RB464	78,998
81.135	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3002985435	126,341
81.135	3650	CORNELL UNIV NON FED	653029807	182,711
81.135	3650	UNIV OF MASS/AMHERST FED FLOW	12006903B00	99,082
81.135A	3600	GINKGO BIOWORKS, INC	2001001	52,611
81.135A	3600	GINKGO BIOWORKS, INC	201001	-11,647
81.999	3650	UNIV OF CENTRAL FL	252858	4,207
84.000	3600	AMERICAN INSTITUTES FOR RESEARCH	01016-L6031	41,120
84.000	3600	CAROLINAS MEDICAL CENTER	H133A080035 AM02	67,054
84.000	3600	MARSHALL UNIVERSITY RESEARCH CORPORATION	UW BUD# 802241	2,536
84.027	3750	North Central Educational Service District	1211200005/121120004	25,605
84.027	3750	North Central Educational Service District	1211300005/1211300006	150,386
84.101	6990	Tulalip Tribes	V101A010017-03A	97,681
84.133	3600	ALBERT EINSTEIN HEALTHCARE NETWORK	H133A120037 MOD01	13,975
84.133	3600	MSNW LLC	80831	10,939

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84.133	3600	REHABILITATION INSTITUTE OF CHICAGO	#80474 AM04	-16
84.215	3650	WASHOUGAL SCHOOL DIST	9971200123	2,067
84.283	3600	EDVANCE RESEARCH, INC.	SOW002	204,266
84.283	3600	EDVANCE RESEARCH, INC.	UW BUD# 666459	168,325
84.305	3600	AMERICAN INSTITUTES FOR RESEARCH (AIR)	01105-03230 MOD01	143,724
84.305	3650	BINGHAMTON UNIV	618101104345	95,471
84.324	3600	LOUISIANA STATE UNIVERSITY	51423 AM01	61,727
84.324	3600	UNIV OF KANSAS, CENTER FOR RESEARCH INC	FY2009-083 MOD04	11,894
84.324	3600	UNIV OF KENTUCKY	3048108226-12-338 AM04	27,646
84.324	3600	UNIVERSITY OF FLORIDA	UFDSP00010173 AM02	15,305
84.324	3600	UNIVERSITY OF OKLAHOMA	RS20110522-04	3,012
84.324	3600	UNIVERSITY OF OKLAHOMA	RS20110522-10	386,541
84.324	3600	UNIVERSITY OF OKLAHOMA	RS20120590-05	176,784
84.325	3600	MONTCLAIR STATE UNIVERSITY	H325T110012-UOW AM02	11,823
84.334	6990	WASAC Gear Up	061411-001	15,548
84.334	6990	Washington State University	G685	2,829
84.360	3600	SEATTLE PUBLIC SCHOOLS	UW BUD# 661130	31,147
84.366	3600	THE OHIO STATE UNIVERSITY RESEARCH FOUN	60036991 AM01	48,853
84.366	3650	EDUC SVC DIST #112	165527700422	33,604
84.366	3650	EDUC SVC DIST #112	700300044	6,943
84.366	3650	EDUC SVC DIST #112	700300056	-7
84.366	3650	EDUC SVC DIST #112	7004000083	9,715
84.366	3650	EDUC SVC DIST #112	7004000096	1,096
84.366	3650	EDUC SVC DIST #112	700960035	8,704
84.367	3600	NATIONAL WRITING PROJECT	92-WA03SEED2012 AM01	2,872
84.367	3750	University of California	92WA02SEED2012#1	8,238
84.367	3750	University of California	92WA02SEED2012#2A	6,689
84.396	3600	BEAVERTON SCHOOL DISTRICT	BSD REF#10-0025	126,733



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84.396	3600	BELLEVUE SCHOOL DISTRICT	A58405	175,865
84.405	3600	HERITAGE UNIVERSITY	U405A100020	73,340
84.411	3600	NAT'L BOARD FOR PROF TEACHING STAND, INC	1302036	1,861
84.928	3600	NTL WRITING PROJECT CORP	92-WA03	-11,767
84.928	3600	NTL WRITING PROJECT CORP	92-WA03 AM34	10,895
93.000	3600	ACCOUNTABILITY SOLUTIONS LLC	A83492	4,335
93.000	3600	ADAPTIVE BIOTECHNOLOGIES CORPORATION	UW167972-01	8,579
93.000	3600	ALTARUM INSTITUTE	SC-12-020 MOD001	47,961
93.000	3600	AMERICAN INSTITUTES FOR RESEARCH (AIR)	SUB #00993-02731.003	4,838
93.000	3600	AMERICAN PSYCHIATRIC ASSOCIATION	UW BUD# 800464	8,393
93.000	3600	ARBOR VITA CORP	A53171 AM03	2,826
93.000	3600	ASS. OF STATE AND TERRITORIAL HLTH OFF	16013-2, 5C	13,279
93.000	3600	ASSOCIATION OF O AND E CLINICS	UW BUD# 660447	105,360
93.000	3600	ASSOCIATION OF O AND E CLINICS	UW BUD# 665480	37,138
93.000	3600	BEHAVIORAL TECH RESEARCH, INC.	PR1R34TR00047101AM01	18,463
93.000	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13.1095.A55946	-1
93.000	3600	BENAROYA RSCH INST AT VIRGINIA MASON	0585312	1,751
93.000	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	AM04PRIME5R01AG0306180	267
93.000	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	AM05PRIME5R01AG0306180	37,463
93.000	3600	BRIGHAM AND WOMEN'S HOSPITAL	106476AM03PR5U01HL1053	26,009
93.000	3600	BRIGHAM AND WOMEN'S HOSPITAL	106476AM04PR5U01HL1053	149,105
93.000	3600	CASE WESTERN RESERVE UNIVERSITY	RES508088 MOD07	87,033
93.000	3600	CENTER FOR PSYCHOLOGICAL CONSULTATION	UW BUD# 664815	63,093
93.000	3600	CHROMOLOGIC LLC	UW BUD# 662478	20,905
93.000	3600	COMPUTERCRAFT CORPORATION	CC FORM SUB UW#1 MOD08	523,318
93.000	3600	CONFEDERATED TRIBES OF THE COLVILLE RESE	2012-630	44,656
93.000	3600	CORIXA CORP	PO#323870 AM01	338,237
93.000	3600	CSR, INCORPORATED	0002 AM01	33,210

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93.000	3600	CSR, INCORPORATED	0003HHSD2002013M53943B	7,179
93.000	3600	DERMAXON LLC	UW BUD# 662077	40,033
93.000	3600	DIR OF HEALTH PROMOTION & EDUCATION	12-803000-007	6,857
93.000	3600	DIR OF HEALTH PROMOTION AND EDUCATION	12-803000-007	4,916
93.000	3600	DUKE CLINICAL RESEARCH INSTITUTE (DCRI)	SPS162060SITE070AM2	11,994
93.000	3600	FHCRC	0000724839 AM02	10,595
93.000	3600	FHCRC	0000764481	45,088
93.000	3600	FHCRC	0000771001 AM01	2,353
93.000	3600	FHCRC	000077392 AM01	5,359
93.000	3600	FHCRC	P50CA097186	484
93.000	3600	FHCRC	SA1300948	-97
93.000	3600	FHCRC	SA1401034	10,350
93.000	3600	FHCRC	SA1401037	13,800
93.000	3600	GROUP HEALTH RESEARCH INSTITUTE	2008113462	1,375
93.000	3600	GROUP HEALTH RESEARCH INSTITUTE	2008113462 MD1	39,231
93.000	3600	GROUP HEALTH RESEARCH INSTITUTE	2008113462 MOD07	21,093
93.000	3600	HEALTH RESEARCH & EDUCATION TRUST	HHSA290201000025L AM01	74,522
93.000	3600	HEALTH RESEARCH & EDUCATION TRUST	PJ 8079 TO02 AM02	50,118
93.000	3600	ILLIONEX, LLC	UW BUD# 666693	24,165
93.000	3600	IMMUNE TOLERANCE NETWORK	108151	40,347
93.000	3600	IMMUNE TOLERANCE NETWORK	ITN10212-00SC AM02	-46,544
93.000	3600	INT SOCIETY FOR DISEASE SURVEILLANCE	CONTRACT #A53625 S01	-1
93.000	3600	JOHN SNOW, INC	13283-1052	9,407
93.000	3600	JOHNS HOPKINS UNIVERSITY	PO#2001739762 MOD01	22,402
93.000	3600	LOOKING GLASS ANALYTICS	HHSN271201200014C AM01	3
93.000	3600	MCKING CONSULTING CORPORATION	UW-04-4568	17,510
93.000	3600	MEDICAL SCIENCE & COMPUTING	TO 1070.001 MOD01	55,141
93.000	3600	MOUNT SINAI SCHOOL OF MEDICINE	0258-3615-4609 AM01	51,915

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93.000	3600	NATIONAL GOVERNORS ASSOCIATION CENTER	110-450-4504 AM03	15,547
93.000	3600	NAVASOTA ISD	AM02	57,586
93.000	3600	NEW YORK UNIVERSITY	UW BUD# 660839	16,513
93.000	3600	NORTHROP GRUMMAN INFORMATION TECHNOLOGY,	7500119580HHSS28320120	8,599
93.000	3600	NORTHWESTERN UNIVERSITY	60028536 UW A03	1,520
93.000	3600	NORTHWESTERN UNIVERSITY	60028536UW, AM02	1,652
93.000	3600	OMNITEC SOLUTIONS, INC.	SA13007PO0001605MOD01	27,804
93.000	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1003605-UW	96,894
93.000	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1003915-UW	19,145
93.000	3600	OREGON HEALTH SCIENCES UNIVERSITY	1003032-UW	68,247
93.000	3600	OREGON HEALTH SCIENCES UNIVERSITY	1003725-UW AM01	55,080
93.000	3600	OREGON HEALTH SCIENCES UNIVERSITY	1003726-UW	160,845
93.000	3600	OREGON HEALTH SCIENCES UNIVERSITY	1003917-UW AM01	48,713
93.000	3600	OREGON HLTH SCI UNIV	1004203-UW	54,850
93.000	3600	PATH	DHH.1542-01-06611-CRT	19,720
93.000	3600	PATH	NIH131107261SUBAMEND5	974
93.000	3600	PORTLAND STATE UNIVERSITY	209YAN147 AM02	-19,842
93.000	3600	RADIOLOGICAL SOCIETY OF NORTH AMERICA	HHSN268200800020C	17,668
93.000	3600	RADIOLOGICAL SOCIETY OF NORTH AMERICA	HHSN268201300071C (E)	34,150
93.000	3600	RADIOLOGICAL SOCIETY OF NORTH AMERICA	HHSN268201300071CPH24A	17,439
93.000	3600	RTI INTERNATIONAL	TO6312021276851730L	92,058
93.000	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWNMR-13595-1	42,178
93.000	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWNMR-13596-2	91,668
93.000	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWPPG-13595-1	137,053
93.000	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWPPG-13596-2	901,039
93.000	3600	SEATTLE CHILDREN'S HOSPITAL	PO-414574 AM02	87,243
93.000	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10592SUB MOD03	146,523

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93.000	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10592SUB MOD04	12,305
93.000	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10775SUB MOD01	82,979
93.000	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10775SUBPRI2R01DE01822	108,445
93.000	3600	SOCIAL & SCIENTIFIC SYSTEMS, INC	CRB-SSS-S-12-002893	880
93.000	3600	SOCIAL & SCIENTIFIC SYSTEMS, INC	CRBUCLA1S1000052MOD01	-205
93.000	3600	TALARIA, INC.	1R43AA02132801AM02	10,594
93.000	3600	TALARIA, INC.	AM02PRIME1R43TR0004720	19,306
93.000	3600	THE EMMES CORPORATION	UW BUD# 660119	23,393
93.000	3600	THE UNIVERSITY OF SOUTH FLORIDA	6119-1117-00-AM MOD03	2,888
93.000	3600	THE UNIVERSITY OF SOUTH FLORIDA	6119-1117-00-AM MOD04	8,899
93.000	3600	UNITED WAY OF KING COUNTY	UW BUD# 665529	36,671
93.000	3600	UNIV OF CA SAN FRANCISCO	7412SC AM01	131,431
93.000	3600	UNIV OF COLORADO, DENVER	FY11284002FY13284002AM	24,409
93.000	3600	UNIVERSITY OF ALABAMA	000501394-005	7,858
93.000	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000419431-006 AMEND #8	9,735
93.000	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000438814 TO2 SC001	106,574
93.000	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000500918-T003-011	9,897
93.000	3600	UNIVERSITY OF CALIFORNIA	6216SC AM04	-10,429
93.000	3600	UNIVERSITY OF CALIFORNIA	7008SC AM01	86,852
93.000	3600	UNIVERSITY OF CALIFORNIA	7412SC	97,016
93.000	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	10313800	34,198
93.000	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	10313800-003	102,359
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	105125001POSR00008086	9,530
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	1058829141TK1POSR00003	4,973
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	1058829153TK2POSR00003	99,236
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	1058829160TK7POSR00003	14,911
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	1058829162TK8POSR00003	15,695
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	SR00002272 AM01	1,396

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93.000	3600	UNIVERSITY OF MINNESOTA	N001257301A AM02	950
93.000	3600	UNIVERSITY OF MINNESOTA	N003448801 AM01	17,442
93.000	3600	UNIVERSITY OF MINNESOTA	P002081501 AM03	38,925
93.000	3600	UNIVERSITY OF NAIROBI	UW BUD# 800398	-6,413
93.000	3600	UNIVERSITY OF OKLAHOMA HEALTH SCIENCES C	C3085101 AM01	429,664
93.000	3600	UNIVERSITY OF PITTSBURGH	0024031-6 AM02	104,496
93.000	3600	UNIVERSITY OF PITTSBURGH	0024031-6 AMEND 01	60,506
93.000	3600	UNIVERSITY OF ROCHESTER	416105-G	252,243
93.000	3600	UNIVERSITY OF UTAH	UW BUD# 668661	37,942
93.000	3600	WAKE FOREST UNIVERSITY	WUHS 30225 AM02	182,348
93.000	3600	WAKE FOREST UNIVERSITY	WUHS 30225 AM03	341,179
93.000	3600	WAKE FOREST UNIVERSITY	WUHS 33000 AM04	247,607
93.000	3600	WAKE FOREST UNIVERSITY	WUHS 33000 AM05	-9,743
93.000	3600	WAKE FOREST UNIVERSITY	WUHS 33000 AM06	57,033
93.000	3600	WAKE FOREST UNIVERSITY	WUHS 33000 AM09	18,753
93.000	3600	WAKE FOREST UNIVERSITY	WUHS 33000 AM11	369,922
93.000	3600	WAKE FOREST UNIVERSITY	WUHS 33000 AM12	426,270
93.000	3600	WAKE FOREST UNIVERSITY	WUHS GTS 35888 AM07	10,019
93.000	3600	WAKE FOREST UNIVERSITY	WUHS33000SULLIVANAM04	16,436
93.000	3600	WEBER SHANDWICK	UW BUD# 674725	170,019
93.000	3600	WESTAT, INC.	6049.03-S04	78,501
93.000	3600	WESTAT, INC.	8846.02-S04	10,200
93.000	3600	WESTAT, INC.	HHSS2832012000111	31,257
93.000	3650	BLAZE BIOSCIENCE	118171	14,268
93.000	3650	INLAND NW HLTH SVCS	3552	22,440
93.000	3650	JOHNS HOPKINS BLOOMBERG SCHOOL	GUAR24280300	37,356
93.000	3650	NATIONAL AHEC ORGANIZATION	WSU002312	258
93.000	3650	NATIONAL AHEC ORGANIZATION	WSU002568	1,442

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93.000	3650	NW INDIAN COLLEGE FED FLOW	2421310421000	20,980
93.000	3650	OPTUMHEALTH	46181	35,816
93.000	3650	SPOKANE REGIONAL HEALTH DISTRI	GUAR41291258	3,475
93.000	3650	UNIV OF CT FED FLOW	UCHC637191497	19,232
93.000A	3600	ISPP INGENIX PUBLIC SECTOR SOLUTIONS INC	140005	109,153
93.007	3600	TRUSTEES OF BOSTON COLLEGE	5001537-19	11,660
93.051	3600	STATE OF OREGON	144448	3,061
93.067	3600	APHL	564004225011301AM02	7,818
93.067	3600	COPTIC ORTHODOX CHURCH	001-3 MOD01	31,001
93.067	3600	COPTIC ORTHODOX CHURCH	001-3 MOD02	56,113
93.067	3600	COPTIC ORTHODOX CHURCH	001-4 AM01	182,545
93.067	3600	COPTIC ORTHODOX CHURCH	0014PR5UGPS00204704	171,994
93.067	3600	COPTIC ORTHODOX CHURCH	002-3 MOD01	123,118
93.067	3600	COPTIC ORTHODOX CHURCH	002-4	66,383
93.067	3600	COPTIC ORTHODOX CHURCH	002-4 AM001	189,133
93.067	3600	COPTIC ORTHODOX CHURCH	003-3 MOD02	120,074
93.067	3600	COPTIC ORTHODOX CHURCH	003-4	34,975
93.067	3600	COPTIC ORTHODOX CHURCH	003-4 AM002	124,601
93.067	3600	COPTIC ORTHODOX CHURCH	004-3	2,732
93.067	3600	COPTIC ORTHODOX CHURCH	005-4 AM01	60,621
93.067	3600	COPTIC ORTHODOX CHURCH	UW BUD# 665364	1,586
93.067	3600	NASTAD	ITECH 12# 1.0	-42,417
93.067	3600	RTI INTERNATIONAL	2312021273651505LMOD06	22,928
93.067	3600	UNIV OF CA SAN FRANCISCO	7352SC AM01	32,203
93.067	3600	UNIV OF CA SAN FRANCISCO	7865SC	28,991
93.067	3600	UNIV OF CA SAN FRANCISCO	7877SCPR5U2GPS00282904	115,436
93.067	3600	UNIVERSITY OF CALIFORNIA	6293SC AM06	290,447
93.067	3600	UNIVERSITY OF CALIFORNIA	6293SC AM08	381,184

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93.067	3600	UNIVERSITY OF CALIFORNIA	6601SCAM01DPA628015295	70,153
93.067	3600	UNIVERSITY OF CALIFORNIA	6601SCAM05DPA628015295	84,498
93.067	3600	UNIVERSITY OF CALIFORNIA	7344SC	25,767
93.067	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7873SC AM01	129,184
93.067	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7962SC AM01	236,635
93.067	3600	UNIVERSITY OF NAIROBI	UONUWCDC5U2GPS00118305	121,556
93.067	3600	UNIVERSITY OF NAIROBI	UW BUD# 673162	8,083
93.069	3030	Rad Response Volunteer Corps Develop	N19599	640
93.069	3650	KING CNTY	PREP3563	5,000
93.074	3600	LOS ANGELES COUNTY	PH-002436	19,183
93.074	3600	LOS ANGELES COUNTY	PH-002436 AM02	99,727
93.077	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13198901	398,509
93.088	3600	THURSTON COUNTY	OWH-CHC 2012-2013 AM02	5,613
93.093	2350	WDCA	12/679-HHS	63,163
93.093	6990	ABT Associates	HPOGV2,MOU#40 830	73,709
93.093	6990	WDC - Seattle King County	12/674-HHS	104,635
93.093	6990	WDC - Seattle King County	13-682-HHS	181,402
93.103	3600	COLUMBIA UNIVERSITY	ACCT #5-38266 AM03	83
93.103	3600	UNIVERSITY OF ROCHESTER	415941-G	11,564
93.103	3600	UNIVERSITY OF ROCHESTER	416209-G	43,404
93.103	3650	UNIV OF CA DAVIS	0800294706	522
93.110	3600	UAA CENTER FOR HUMAN DEVELOPMENT	P0424035B AM003	21,099
93.110	3600	UCLA	1920 G KB359 AM06	54
93.110	3600	UCLA COMMUNITY HEALTH SERVICES	1920 G RA028 AM01	13,041
93.113	3600	BATTELLE PACIFIC NW LABS	TO141096MA75501MOD08	57,566
93.113	3600	BROWN UNIVERSITY	00000544 AM03	91,505
93.113	3600	HARVARD SCHOOL OF PUBLIC HEALTH	23570.114018 AM05	72,964
93.113	3600	PUBLIC HEALTH INSTITUTE	1019929	13,668

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93.113	3600	RUSH UNIVERSITY MEDICAL CENTER	5R21ES02040402AM02	32,233
93.113	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10387 SUB MOD02	46,736
93.113	3600	SUNY	PO#R694299 AM03	2,647
93.113	3600	UCLA-MEDICINE-CARDIOLOGY	1553 G MC571 AM04	50,580
93.113	3600	UNIV OF MARYLAND	Z036104 AM-B	12,458
93.113	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU13183MOD2PO2917435WA	52,960
93.121	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY14100801	17,579
93.121	3600	BENAROYA RSCH INST AT VIRGINIA MASON	FY13100801	19,829
93.121	3600	CHILDREN'S HOSPITAL AND REGIONAL MED CTR	10826SUB MOD01	12,841
93.121	3600	KAISER FOUNDATION RESEARCH INSTITUTE	AM01	58,249
93.121	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWPC-15542	191,370
93.121	3600	SEATTLE CHILDREN'S HOSPITAL	10575SUB AM01	-44
93.121	3600	SEATTLE CHILDREN'S HOSPITAL	10776SUB	311,755
93.121	3600	SEATTLE CHILDREN'S HOSPITAL	10994SUB	38,573
93.121	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10509SUB MOD01	4,989
93.121	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10672SUB	2,414
93.121	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10705SUB MOD02	32,195
93.121	3600	THE FORSYTH INSTITUTE	UWASH023608-2455	21,529
93.121	3600	THEO CHOCOLATE	A69335	12,462
93.121	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5-32965	3,262
93.121	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5-32965 AM01	52,999
93.121	3600	UNIVERSITY OF MINNESOTA	P001901001 AM03	54,577
93.121	3600	UNIVERSITY OF MINNESOTA, TWIN CITIES	P001901001AM01	113,972
93.121	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	43408029	126,660
93.135	3600	BOSTON UNIVERSITY	4500001532	27,233
93.142	3600	UCLA	2105 G NA299 AM02	3,294
93.142	3600	UCLA	2105 G NA299 AM03	284,776
93.142	3600	UCLA	2105 G NA299, AM02	19,326



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93.142	3600	UCLA	UW BUD# 674319	2,980
93.142	3600	UNIVERSITY OF CALIFORNIA, LOS ANGELES	2105 G HB431 AM05	52,293
93.143	3600	EDENSPACE SYSTEMS CORPORATION	5 R44 ES 020099-03	149,522
93.143	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	00007683AM02P42ES00470	10,008
93.145	3600	FAMILY MEDICINE RESIDENCY OF IDAHO	A87907	18,189
93.145	3600	FAMILY MEDICINE RESIDENCY OF IDAHO	UW BUD# 674365	-542
93.145	3600	FAMILY MEDICINE RESIDENCY OF IDAHO	UW BUD# 674604	14,030
93.155	3600	NATIONAL RURAL HEALTH ASSOCIATION	UW BUD# 666323	10,537
93.172	3600	ARIZONA STATE UNIVERSITY	13-110	3,104
93.172	3600	EUROPEAN MOLECULAR BIOLOGY LAB-EBI	5U01HG00469504AM07SUBC	25,899
93.172	3600	GROUP HEALTH RESEARCH INSTITUTE	2012119951	23,737
93.172	3600	GROUP HEALTH RESEARCH INSTITUTE	2012120565	16,487
93.172	3600	GROUP HEALTH RESEARCH INSTITUTE	20131565175U01HG006375	265,670
93.172	3600	GROUP HEALTH RESEARCH INSTITUTE	5U01HG00637503MOD01	198,535
93.172	3600	KAISER FOUNDATION RESEARCH INSTITUTE	UM1HG007292 AM01	38,745
93.172	3600	KAISER FOUNDATION RESEARCH INSTITUTE	UM1HG007292-01	371,819
93.172	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10462SUB MOD02	364,677
93.172	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10462SUB10720SUBMOD02	19,148
93.172	3600	THE JACKSON LABORATORY	PRIME1U41HG00749701	125,712
93.172	3600	THE REGENTS OF UNIV OF CA-SANTA CRUZ	S0183592 AM01-REV	40,739
93.172	3600	THE REGENTS OF UNIV OF CA-SANTA CRUZ	S0183592 AM02	222,999
93.172	3600	UNIV NC CHAPEL HILL EPIDEMIOLOGY	5-51148 YEAR4#3	-26
93.172	3600	UNIV OF ALASKA FAIRBANKS	UAF 11-0078 MOD03	134,505
93.172	3600	UNIVERSITY OF MASSACHUSETTS, WORCESTER	6145903/RFS2013076	8,207
93.172	3600	UNIVERSITY OF MASSACHUSETTS, WORCESTER	WA00133053RFS2014045AM	158,317
93.172	3600	UNIVERSITY OF NORTH CAROLINA	5-32813 AM01	7,987
93.172	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-13-201	49,515
93.172	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-14-330 PO#2923442	100,974

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93.173	3600	FHCRC	0000749224	37,256
93.173	3600	FHCRC	779671	92,576
93.173	3600	NORTHWESTERN UNIVERSITY	SP0011426PROJ0003112AM	56,754
93.173	3600	OREGON HEALTH AND SCIENCE UNIVERSITY	GOTOL0173A_UW/AM04	12,342
93.213	3600	BASTYR UNIVERSITY	H33B11-03 (4)	10,098
93.213	3600	BASTYR UNIVERSITY	H34B11-01 (3) AM02	51,306
93.213	3600	BASTYR UNIVERSITY	H34B11-01 (4) AM01	251,989
93.213	3600	BASTYR UNIVERSITY	H34B12-03 AM02	4,043
93.213	3600	BASTYR UNIVERSITY	H34B1201 (3) AM03	64,403
93.213	3600	BASTYR UNIVERSITY	H34B1207AM01PR1U19AT00	14,668
93.213	3600	GROUP HEALTH COOPERATIVE	2013132313	16,783
93.213	3600	GROUP HEALTH COOPERATIVE	2014158800	1,399
93.213	3600	GROUP HEALTH RESEARCH INSTITUTE	2013102482	11,361
93.213	3600	GROUP HEALTH RESEARCH INSTITUTE	2013102876 MOD01	5,888
93.213	3600	GROUP HEALTH RESEARCH INSTITUTE	PO#2014101502 MOD01	11,189
93.213	3650	MT ST UNIV - BOZEMAN	G12314W4178	77,160
93.223	3600	NATIONAL RURAL HEALTH ASSOCIATION	1UA9RH260270100AM01	27,827
93.224	3600	PUBLIC HEALTH-SEATTLE & KING COUNTY	CHS2923 AM01	29,207
93.224	3600	SEATTLE-KING COUNTY DEPT PUBLIC HEALTH	CHS2923	30,436
93.226	3600	DUKE UNIVERSITY	3035486 AM05	63,318
93.226	3600	GROUP HEALTH RESEARCH INSTITUTE	2013144461	133,212
93.226	3600	GROUP HEALTH RESEARCH INSTITUTE	2014162855	23,414
93.226	3600	INDIANA UNIVERSITY	PO# 1098155	16,292
93.226	3600	INDIANA UNIVERSITY	T148123 AM02	25,921
93.226	3600	KAISER FOUNDATION HEALTH PLAN OF GEORGIA	SUBCONTRACT AM03	19,436
93.226	3600	KAISER FOUNDATION HEALTH PLAN OF GEORGIA	SUBCONTRACT AM06	77,850
93.226	3600	NORTHWESTERN UNIVERSITY	60030497 UW AM01	22,813
93.226	3600	NORTHWESTERN UNIVERSITY	60031412 UW	26,223

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93.226	3600	NORTHWESTERN UNIVERSITY	60031412 UW AM01	33,235
93.226	3600	SEATTLE CHILDREN'S HOSPITAL	10327SUB MOD02	1,857
93.226	3600	SOCIETY OF NUCLEAR MEDICINE	AHRQ-001	32,317
93.226	3600	UNIVERSITY OF CHICAGO	FP047367-B AM01	114,374
93.226	3600	UNIVERSITY OF MASSACHUSETTS, WORCESTER	WA00141925/RFS2014086	37,865
93.226	3600	UNIVERSITY OF NORTH CAROLINA	5-31352 AM03	5,740
93.226	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE CTR	0007879A AM04	1,388
93.231	3600	NORTHWEST INDIAN COLLEGE	NWIC2421310422000MOD04	4,653
93.233	3650	UNIV OF CA DAVIS	20130078701	15,290
93.236	3600	MONTANA DEPT OF PUBLIC HLTH & HUMAN SVC	14-07501-690	86,568
93.242	3600	CENTER FOR HEALTH POLICY	12-NIH-1091 AM02	117,958
93.242	3600	CHILDREN'S HOSPITAL AND REGIONAL MED CTR	10328SUB MOD01	504
93.242	3600	EMORY UNIVERSITY	T073487	296,178
93.242	3600	EMORY UNIVERSITY	T092029	66,021
93.242	3600	HEALTHPARTNERS RESEARCH FOUNDATION	A06-102 DIAMOND, MOD05	-10,560
93.242	3600	MASSACHUSETTS GENERAL HOSPITAL	222572	83,418
93.242	3600	MOUNT SINAI SCHOOL OF MEDICINE	0255-6411-4609	5,221
93.242	3600	SEATTLE CHILDREN'S HOSPITAL	10001SUB MOD05	18,284
93.242	3600	SEATTLE CHILDREN'S HOSPITAL	10728SUB MOD01	51,570
93.242	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10955SUB	6,833
93.242	3600	THE JOHNS HOPKINS UNIVERSITY	JHUPO2001624392MOD02	7,011
93.242	3600	TULANE UNIVERSITY	TUL-HSC-487-13/14	210,030
93.242	3600	UC DAVIS	201121762-03	511,182
93.242	3600	UC DAVIS	201223026-01	18,408
93.242	3600	UC DAVIS	SUB0800037 AM06	37,447
93.242	3600	UC DAVIS	SUB0800044 AM05	8,434
93.242	3600	UNIV OF CA SAN FRANCISCO	7945SC	13,383
93.242	3600	UNIVERSITY OF NAIROBI	1 R25 MH 099132-01	22,208

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93.242	3600	UNIVERSITY OF NAIROBI	4R25MH099132-02	77,045
93.242	3600	UNIVERSITY OF NORTH CAROLINA	5-33749	23,473
93.242	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-12-281-MOD-4 AM04	24,775
93.242	3600	YALE UNIVERSITY	M13A11468A08970AM01	8,765
93.242	3650	CHILDREN'S HOSPITAL BOSTON	0000505700	83,458
93.242	3650	ROCKEFELLER UNIVERSITY	5R01MH04125625	32,999
93.243	3600	KING COUNTY DCHS	T03353T	-229
93.243	3600	KING COUNTY DCHS	T03353T/518361AM1	31,833
93.243	3600	KING COUNTY DCHS	T03353T/518361AM2	11,709
93.243	3600	KING COUNTY DEPT OF COMM & HUMAN SERV	T03342T AM03	24,444
93.243	3600	NATIONAL COUNCIL	AMENDMENT # A1	20,772
93.243	3600	OREGON HEALTH SCIENCES UNIVERSITY	1002661_ADAI	11,495
93.243	3600	YOUTH SUICIDE PREVENTION PROGRAM	5 U79 SM 060393 AM03	64,020
93.243	3600	YOUTH SUICIDE PREVENTION PROGRAM	5U79SM060393-02 AM02	5,454
93.243	3650	CLARK COUNTY	2013A14	9,637
93.243	3650	JUSTICE RESOURCE INSTITUTE	WSU002569	45,044
93.243	3650	SPOKANE COUNTY SUPERIOR COURT	130286	27,390
93.243	3650	UNIV OF CT FED FLOW	UCHC645265015	32,153
93.262	2350	Univ of Wisconsin	143405505	30,282
93.262	2350	Univ. of California	62755sc	49,378
93.262	3600	NORTHEASTERN UNIVERSITY	500326-78050 MOD02	160,255
93.262	3600	UCLA EPIDEMIOLOGY	1935 G PA501 AM02	23,649
93.262	3600	UNIVERSITY OF CINCINNATI	005180AM05POL124500062	2,201
93.262	3650	RSCH FNDN SUNY-BUFFALO FED	R799210	7,578
93.262	3650	RSCH FNDN SUNY-BUFFALO FED	R867271	6,580
93.262	3700	CPWR-Workplace Solutions 12-13	303-011-02 Amend #1	9,140
93.262	3700	CPWR-Workplace Solutions 13-14	3005-011-02 Amend #1	29,296
93.273	3600	CORNELL UNIVERSITY	69951-10233	14,355

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93.273	3600	GROUP HEALTH RESEARCH INSTITUTE	2012121499	1,502
93.273	3600	GROUP HEALTH RESEARCH INSTITUTE	2013165591PR5R01AA0187	9,496
93.273	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1002432_UW	62,525
93.273	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1002432_UW AM01	36,356
93.273	3600	PENNSYLVANIA STATE UNIVERSITY	4332-UW-DHHS-2529 AM04	141,998
93.273	3600	RUTGERS UNIVERSITY	4046 MOD05	78,729
93.273	3600	SIBCR	ST19CSC11SIBCR	18,236
93.273	3600	UNIVERSITY OF HOUSTON	R-12-0031 AM02	9,569
93.273	3600	UNIVERSITY OF HOUSTON	R-12-0031 AM03	79,562
93.276	3750	Kittitas County Community Network Coalition	MOU	1,388
93.279	3000	WESTAT-NIDA	B02B20	57,513
93.279	3000	WESTAT-NIDA	B03C30	6,552
93.279	3600	FATHER FLANAGAN'S BOYS' HOME	5R01DA025651 MOD04	136,270
93.279	3600	FATHER FLANAGAN'S BOYS' HOME	MOD02PRIME5R01DA025651	210,905
93.279	3600	FATHER FLANAGAN'S BOYS' HOME	MOD03PRIME5R01DA025651	78,838
93.279	3600	FORDHAM UNIVERSITY	PRIME1R25DA03160802AM0	4,629
93.279	3600	NATIONAL DEVELOPMENT & RESEARCH INST.	NDRI PROJECT 618D	17,229
93.279	3600	NORTHWEST INDIAN COLLEGE	#24215 MOD05	16,436
93.279	3600	NORTHWEST INDIAN COLLEGE	NWIC# 24214 MOD04	13,584
93.279	3600	SCRIPPS RESEARCH INSTITUTE	PO 5-50680	9,850
93.279	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10796SUB MOD01	37,703
93.279	3600	SUNY	R86202 AM01	18,100
93.279	3600	UNIVERSITY OF ARKANSAS FOR MEDICAL SCIEN	37223 AM02	3,589
93.279	3600	UNIVERSITY OF ARKANSAS FOR MEDICAL SCIEN	37223 AM03	31,258
93.279	3600	UNIVERSITY OF MARYLAND	SR00002142 AM02	38,845
93.279	3600	UNIVERSITY OF PENNSYLVANIA	559642 AM01	106,371
93.279	3600	UNIVERSITY OF UTAH	A80120	16,821
93.279	3600	VIRGINIA COMMONWEALTH UNIVERSITY	PT103743-SC101985 AM06	112,206

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93.279	3650	PACIFIC INST FOR RES & EVAL	R01DA015966	13,530
93.279	3650	RESEARCH TRIANGLE INSTITUTE	13400212645	60,216
93.282	3600	DARTMOUTH COLLEGE	1294	61,829
93.283	3600	IDAHO DEPT OF HEALTH AND WELFARE	HC791800	17,384
93.283	3600	NATL ASSOC OF CHRONIC DISEASE DIRECTORS	1722013	102,766
93.283	3600	PROGRAM FOR APPROPRIATE TECH IN HEALTH	CDC.1654-02-05840-SUB	5,854
93.283	3600	PROGRAM FOR APPROPRIATE TECH IN HEALTH	CDC.1654-06513-SUB	5,996
93.283	3600	UTAH DEPARTMENT OF HEALTH	101820 AM03	17,577
93.286	3600	EMORY UNIVERSITY	T087260	54,367
93.286	3600	LODESPIN LABS LLC	A66450	8,406
93.286	3600	LODESPIN LABS LLC	A78130	112,580
93.286	3600	PROGRAM FOR APPROPRIATE TECH IN HEALTH	NIH16510206104CRTAM01	5,968
93.286	3600	PROGRAM FOR APPROPRIATE TECH IN HEALTH	NIH17290105716SUBAM01	26,739
93.286	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	00007673 AM03	153,055
93.286	3600	UNIVERSITY OF NEW MEXICO HEALTH SCI CTR	3RD13 AM03	70,438
93.286	3600	WEST FACE MEDICAL DEVICES, INC.	UW OSP #A78020	39,506
93.286	3600	XIGEN LLC	UW BUD# 666340	26,608
93.301	3600	FHCRC	0000750946 AM02	25,505
93.307	3600	UNIVERSITY OF COLORADO- DENVER	FY14.001.010	40,927
93.310	3600	DUKE UNIVERSITY	203-3161	24,717
93.310	3600	DUKE UNIVERSITY	203-3161 AM01	49,962
93.310	3600	FHCRC	0000750748 AM01	-51
93.310	3600	GROUP HEALTH RESEARCH INSTITUTE	2013163266	12,476
93.310	3600	HUGO MOSER RESEARCH INSTITUTE	1 UH2 TR 000966-01	1,010,157
93.310	3600	ROCKEFELLER UNIV	8 U54 GM 103511-08	7,527
93.310	3600	UNIVERSITY OF NAIROBI	PRIME #5R24TW008907-03	8,431
93.310	3600	UNIVERSITY OF NAIROBI	PRIME #5R24TW008907-04	112,893
93.333	3600	SOUTHCENTRAL FOUNDATION	SCF2013-087	50,600

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93.351	3600	EMORY UNIVERSITY	T085692	399,953
93.351	3600	UNIVERSITY OF MASSACHUSETTS	POA000155391A14007879A	75,880
93.359	3600	UIC	E4915 491423 AM	9,114
93.361	3600	BAYLOR COLLEGE OF MEDICINE	4600412829-AM07	31,535
93.361	3600	BAYLOR COLLEGE OF MEDICINE	5600848534	40,224
93.361	3600	DANA-FARBER CANCER INSTITUTE	1215006 AM02	94,760
93.361	3600	DUKE UNIVERSITY	2039925 AM03	2,490
93.361	3600	MASSACHUSETTS GENERAL HOSPITAL	217966 AM03	17,622
93.361	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10171SUB MOD05	165,817
93.361	3600	THE JOHNS HOPKINS UNIVERSITY	20001433044 AM02	13,811
93.361	3600	THE JOHNS HOPKINS UNIVERSITY	20001433044 AM03	5,128
93.361	3600	UNIVERSITY OF MISSOURI-COLUMBIA	C00043419-2	42,557
93.389	3600	HARVARD MEDICAL SCHOOL	151208.0009 AM01	2,948
93.393	3600	BECKMAN RESH. INST. OF THE CITY OF HOPE	22390.914991.6698 AM01	10,570
93.393	3600	FHCRC	0000718419 AM01	1,749
93.393	3600	FHCRC	0000719489 AMO2	2,236
93.393	3600	FHCRC	0000721527 AM02	17,137
93.393	3600	FHCRC	0000745471	-206
93.393	3600	FHCRC	0000752844	5,261
93.393	3600	FHCRC	0000752886	4,391
93.393	3600	FHCRC	0000753456PRIMECA13424	1,292
93.393	3600	FHCRC	0000755014	12,681
93.393	3600	FHCRC	0000755789	10,638
93.393	3600	FHCRC	0000756002	960
93.393	3600	FHCRC	0000756133 AM01	9,059
93.393	3600	FHCRC	0000756402	-404
93.393	3600	FHCRC	0000760218 AM01	1,392,523
93.393	3600	FHCRC	0000765835 AM01	51,132

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93.393	3600	FHCRC	0000765864	53,608
93.393	3600	FHCRC	0000770654	5,786
93.393	3600	FHCRC	0000775624	12,395
93.393	3600	FHCRC	0000778568 AM01	47,190
93.393	3600	FHCRC	0000778625	32,008
93.393	3600	FHCRC	0000779798 AM01	14,471
93.393	3600	FHCRC	0000784792	44,473
93.393	3600	FHCRC	0000784935 AM02	82,411
93.393	3600	FHCRC	0000785650PR5U01CA1633	16,543
93.393	3600	FHCRC	0000785702	23,591
93.393	3600	FHCRC	0000785703	31,615
93.393	3600	FHCRC	0000788258	11,933
93.393	3600	FHCRC	0000788266	26,228
93.393	3600	FHCRC	0000788393	47,894
93.393	3600	FHCRC	0000792971	5,217
93.393	3600	FHCRC	756966	5,096
93.393	3600	FHCRC	785959	10,758
93.393	3600	GROUP HEALTH COOPERATIVE	CA154292-02-UW	50,439
93.393	3600	GROUP HEALTH COOPERATIVE	CA15429202UW5P01CA1542	23,708
93.393	3600	GROUP HEALTH COOPERATIVE	CA15429203UW5P01CA1542	133,967
93.393	3600	GROUP HEALTH RESEARCH INSTITUTE	PSA-BENKESER-621703	6,714
93.393	3600	KAISER FOUNDATION HEALTH PLAN COLORADO	08JDEAR-01-UW AM06	6,497
93.393	3600	KAISER FOUNDATION HEALTH PLAN COLORADO	08JDEAR-01-UW AM07	4,719
93.393	3600	KAISER FOUNDATION RESEARCH INSTITUTE	115-9341-UW-S1 AM01	24,398
93.393	3600	KAISER FOUNDATION RESEARCH INSTITUTE	12LKUSH-04-UW-S1	12,841
93.393	3600	MASSACHUSETTS GENERAL HOSPITAL	217156 AM04	48,455
93.393	3600	MASSACHUSETTS GENERAL HOSPITAL	217156AM05PRIME5U01CA1	177,284
93.393	3600	TALARIA, INC.	4R42CA14187502AM04	68,849



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93.393	3650	IA ST UNIV FED FLOW	4304626A	12,227
93.393	3650	VANDERBILT UNIV-FED FLOW	VUMC38944	66,666
93.394	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING	1454 AM02	3,715
93.394	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING	1454 AM03	33,457
93.394	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING	1584 AM01	12,803
93.394	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING	4221	15,032
93.394	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING	SUBAWARD# 1347 AM01	76,045
93.394	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING	UW BUD# 666116	6,665
93.394	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING	UW BUD# 666259	10,000
93.394	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING NETWORK (ACRIN)	ACRIN6685	7,733
93.394	3600	ARBOR VITA CORPORATION	UWSUB1R43CA16544201A1	57,662
93.394	3600	BROAD INSTITUTE, INC.	6610202-5500000433	23,035
93.394	3600	BROAD INSTITUTE, INC.	66102035500000433MOD03	129,882
93.394	3600	DUKE UNIVERSITY	303-5419 AM05	83,213
93.394	3600	FHCRC	0000769185	8,860
93.394	3600	FHCRC	0000771917 AM01	79,467
93.394	3600	FHCRC	0000774518	37,736
93.394	3600	FHCRC	0000774518 AM01	25,988
93.394	3600	FHCRC	0000776834	3,268
93.394	3600	FHCRC	0000783794	14,128
93.394	3600	FHCRC	0000784994	43,066
93.394	3600	FHCRC	0000785962	35,644
93.394	3600	FHCRC	0000803306	14,019
93.394	3600	KITWARE, INC.	K000683-00-S01 MOD02	11,365
93.394	3600	THE UNIVERSITY OF MICHIGAN	3001942556 AM05	-319
93.394	3600	UNIVERSITY OF IOWA	W000420810PO1001081261	150,422
93.394	3600	UNIVERSITY OF MINNESOTA	N002338901 AM02	34,025

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93.395	3600	CHILDRENS HOSP OF PHILADELPHIA	FP13013_SUB310_01 AM01	179,543
93.395	3600	FHCRC	0000718704 AM02	2,051
93.395	3600	FHCRC	0000754340	976
93.395	3600	FHCRC	0000754342	22,694
93.395	3600	FHCRC	0000754343	1,179
93.395	3600	FHCRC	0000754348	3,178
93.395	3600	FHCRC	0000755496	1,117
93.395	3600	FHCRC	0000755851 AM01	50,295
93.395	3600	FHCRC	0000756738	129,831
93.395	3600	FHCRC	0000764733 AM01	56,391
93.395	3600	FHCRC	0000767091	3,496
93.395	3600	FHCRC	0000768445 AM03	64,341
93.395	3600	FHCRC	0000768693 AM01	15,233
93.395	3600	FHCRC	0000769885PR5P01CA0789	-626
93.395	3600	FHCRC	0000772556 AM02	64,206
93.395	3600	FHCRC	00007781171	49,072
93.395	3600	FHCRC	0000779672	6,363
93.395	3600	FHCRC	0000781167	233,332
93.395	3600	FHCRC	0000781168	21,856
93.395	3600	FHCRC	0000781170	2,612
93.395	3600	FHCRC	0000785646	742,604
93.395	3600	FHCRC	0000791010 AM01	39,121
93.395	3600	FHCRC	0000800487 AM01	12,955
93.395	3600	FHCRC	SA1300990	993
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000731871 AM02	701
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000784993	3,965
93.395	3600	JOHN WAYNE CANCER INSTITUTE	2 P01 CA 029605 AM06	5,426
93.395	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1004031	42,456

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93.395	3600	PET/X LLC	2013-001	84,554
93.396	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	01026706	72,198
93.396	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	01026710	159,188
93.396	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	01027363 AM01	51,404
93.396	3600	BROAD INSTITUTE, INC.	66102125500000403MOD03	172,427
93.396	3600	FHCRC	0000765836 AM01	10,882
93.396	3600	FHCRC	0000783886	21,933
93.396	3600	FHCRC	0000790544	12,873
93.396	3600	FHCRC	0000798536	6,712
93.396	3600	INDIANA UNIVERSITY	IN-4685210-UW	-3,022
93.396	3600	VAN ANDEL RESEARCH INSTITUTE	UWCMNIH10402251AM02	52,137
93.397	3600	FHCRC	0000751166 AM01	-6,983
93.397	3600	FHCRC	0000751172 AM01	-666
93.397	3600	FHCRC	0000754736	24,960
93.397	3600	FHCRC	0000754780	37,050
93.397	3600	FHCRC	0000756737 AM01	10,344
93.397	3600	FHCRC	0000764696 AM01	147,727
93.397	3600	FHCRC	0000764698 AM01	35,776
93.397	3600	FHCRC	0000764741 AM01	49,523
93.397	3600	FHCRC	0000764751 AM01	67,629
93.397	3600	FHCRC	0000764759 AM01	78,671
93.397	3600	FHCRC	0000764785 AM001	82,630
93.397	3600	FHCRC	0000764788 AM01	31,774
93.397	3600	FHCRC	0000764790 AM01	33,144
93.397	3600	FHCRC	0000764793 AM01	13,949
93.397	3600	FHCRC	0000770557 AM01	40,306
93.397	3600	FHCRC	0000770562	49,331
93.397	3600	FHCRC	0000770570 AM01	69,792

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93.397	3600	FHCRC	0000770571 MOD01	50,753
93.397	3600	FHCRC	0000770591	74,222
93.397	3600	FHCRC	0000770593 AM01	59,190
93.397	3600	FHCRC	0000770789 AM02	52,160
93.397	3600	FHCRC	0000770790	78,803
93.397	3600	FHCRC	0000771804 AM01	55,278
93.397	3600	FHCRC	0000772447	33,230
93.397	3600	FHCRC	0000777585 AM01	26,794
93.397	3600	FHCRC	0000780785 AM01	3,103
93.397	3600	FHCRC	0000781026 MOD01	24,344
93.397	3600	FHCRC	0000782689 AM01	101,223
93.397	3600	FHCRC	0000782902	258,874
93.397	3600	FHCRC	0000783707 AM01	187,653
93.397	3600	FHCRC	0000784473	108,318
93.397	3600	FHCRC	0000784730	50,548
93.397	3600	FHCRC	0000785418	11,844
93.397	3600	FHCRC	0000785420PR2P50CA9718	71,765
93.397	3600	FHCRC	0000785456	100,688
93.397	3600	FHCRC	0000799686	42,206
93.397	3600	FHCRC	0000799687	12,654
93.397	3600	FHCRC	0000799688	78,576
93.397	3600	FHCRC	0000799689	24,586
93.397	3600	FHCRC	0000799690	89,190
93.397	3600	FHCRC	0000799691	34,610
93.397	3600	FHCRC	0000799692	33,031
93.397	3600	FHCRC	0000799752	61,518
93.397	3600	FHCRC	0000799753	77,154
93.397	3600	FHCRC	0000799871	10,998

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93.397	3600	FHCRC	00007998725P30CA015704	4,666
93.397	3600	FHCRC	00008002775P30CA015704	2,950
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000785417	10,118
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	00007854232P50CA097186	10,871
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000799921	319
93.397	3600	RAPID CITY REGIONAL HOSPITAL	5U54CA142157-4UWASH	14,654
93.397	3600	RAPID CITY REGIONAL HOSPITAL	5U54CA14215705UWASHAM0	16,156
93.397	3600	UNIVERSITY OF CALIFORNIA, DAVIS	200912673-03 AM04	3,833
93.399	3600	FHCRC	0000724148 AM01	1,710
93.399	3600	FHCRC	0000724388 AM02	5,099
93.399	3600	FHCRC	0000755713	5,102
93.399	3600	FHCRC	0000755735	23,640
93.399	3600	FHCRC	0000757213	24,132
93.399	3600	FHCRC	0000757559	16,227
93.399	3600	FHCRC	0000757560	14,582
93.399	3600	FHCRC	0000766864 AM01	29,952
93.399	3600	FHCRC	0000766888	2,439
93.399	3600	FHCRC	0000766898PR5P50CA0971	9,128
93.399	3600	FHCRC	0000772866	36,559
93.399	3600	FHCRC	0000772892	42,196
93.399	3600	FHCRC	0000782032	23,153
93.399	3600	FHCRC	0000782043 AM01	24,425
93.399	3600	FHCRC	0000782062 AM02	72,837
93.399	3600	FHCRC	0000785419	245,191
93.399	3600	FHCRC	0000804676	4,766
93.399	3600	FHCRC	0000804677	6,098
93.399	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000725835 AM01	1,131
93.399	3600	NSABP FNDN	UW-YR27	10

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93.399	3600	NSABP FNDN	UW-YR28 AM02	31,372
93.399	3600	SOUTHWEST ONCOLOGY GROUP OP. OFFICE	SELECT-08001	-11,525
93.399	3600	UNIVERSITY OF MICHIGAN	3002149613 AM01	571
93.399	3600	UNIVERSITY OF MICHIGAN	3002149613 AM03	13,596
93.399	3600	UNIVERSITY OF MICHIGAN	3002149613 AM04	148,571
93.420	3600	FENWAY COMMUNITY HEALTH	UWAS2, AMEND 2	46,408
93.441	3600	NW PORTLAND AREA INDIAN HEALTH BOARD	C13-24 AM02	63,300
93.507	3600	OREGON HEALTH AUTHORITY	143209	10,544
93.508	3600	UNITED INDIANS OF ALL TRIBES FOUNDATION	A71880 MOD02	33,251
93.556	3700	IDHW-ICPC 2010-11	1C087200 Amend #3	14,400
93.575	3600	EDUCATIONAL SERVICE DISTRICT 112	3439 98 7000 354	4,992
93.575	3650	SCHOOLS OUT WA	WSU002144	481
93.575	3650	SCHOOLS OUT WA	WSU002145	3,521
93.586	3650	JUDICIAL COUNCIL OF CA	1027686	1,696
93.600	6990	Olympic ESD 114	145-161-1N46	160,258
93.600	6990	Olympic ESD 114	145-161-1N47	-945
93.600	6990	Olympic ESD 114	145-161-1N48	36,997
93.600	6990	Puget Sound Education Services Disctrict	1314 Headstart	59,404
93.600	6990	Puget Sound Education Services District	1213 Headstart	32,295
93.600	6990	Puget Sound Education Services District	LOA#7874	117,771
93.600	6990	Puget Sound Education Services District	LOA#8372	100,838
93.600	6990	Puget Sound Education Services District	LOA#8373	91,511
93.600	6990	Puget Sound ESD Headstart	1550	177,002
93.605	3600	CHILDREN'S HOME SOCIETY OF WASHINGTON	UW BUD# 660827	52,903
93.605	3600	CHILDREN'S HOME SOCIETY OF WASHINGTON	UW BUD# 665722	16,887
93.610	3600	INST FOR CLINICAL SYSTEMS IMPROVEMENT	01-0113-UWAIMS AM01	198,805
93.610	3600	UNIVERSITY OF NEW MEXICO	3RJ32	6,374
93.610	3600	UNIVERSITY OF NEW MEXICO	3RJ32 AM01	116,459

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93.624	3600	PROVIDENCE CORE	UW BUD# 660911	24,888
93.624	3600	UNIVERSITY OF UTAH	1003080601PO0000161913	16,311
93.645	3700	IDHW-FGDMF 13-14	1C096100	121,336
93.648	3600	UNIVERSITY OF MARYLAND, BALTIMORE	105934-001	52,739
93.652	3600	CENTER FOR CHILDREN & YOUTH JUSTICE	SC3002547822	14,557
93.652	3600	CENTER FOR CHILDREN & YOUTH JUSTICE	SC3002892417	20,675
93.652	3600	CHILDREN'S HOME SOCIETY OF WASHINGTON	UW BUD# 662541	27,854
93.652	3600	CHILDREN'S HOME SOCIETY OF WASHINGTON	UW BUD# 667212	12,261
93.652	3600	CHILDREN'S HOME SOCIETY OF WASHINGTON	UW BUD# 667368	7,074
93.658	3700	IDHW-PRIDE Stwd Prog 12-13	KC247700 Amend #3	51,589
93.658	3700	IDHW-PRIDE Stwd Prog 13-14	KC247700	460,534
93.658	3700	IDHW-RPM Hub 1 2012-13	KC247400 Amend #3	9,912
93.658	3700	IDHW-RPM Hub 1 2013-14	KC247400	114,363
93.658	3700	IDHW-RPM Hub 2 2013-14	KC247500	117,008
93.658	3700	IDHW-RPM Hub 3 2013-14	KC247600	155,893
93.658	3700	IDHW-RPR Hub 2 2012-13	KC247500 Amend #3	10,866
93.658	3700	IDHW-RPR Hub 3 2012-13	KC247600 Amend #3	17,332
93.658	3700	IDHW-Scholars Program 2010-11	KC244100 Amend #4	125,526
93.670	3600	OREGON SOCIAL LEARNING CENTER (OSLC)	PRIME #90CA1781	52,163
93.670	3600	OREGON SOCIAL LEARNING CENTER (OSLC)	UW BUD# 664496	18,511
93.674	3700	IDHW-ILP 13-14	1C096000	11,984
93.701	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING	1409	-1,194
93.701	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING NETWORK (ACRIN)	ACRIN 6688	-11,525
93.701	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING NETWORK (ACRIN)	SUBCONTRACTNO4221ACRIN	47,302
93.701	3600	CEDARS-SINAI MEDICAL CENTER	5UC2 HL103010-02	-653
93.701	3600	DANA-FARBER CANCER INSTITUTE	SUBAWARD 2815108	1,617
93.701	3600	FHCRC	0000721274	16,245

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93.701	3600	GEORGIA HEALTH SCIENCES UNIVERSITY	23789-15	-88
93.701	3600	MOREHOUSE SCHOOL OF MEDICINE	325011.300001.80180	2,282,990
93.701	3600	SOCIAL SCIENTIFIC SYSTEMS INC	CRB-DCR01-09-00291	5,906
93.701	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC35940AMENDMENTNO1	-86
93.719	3600	HEALTHSHARE MONTANA	CHECK#1902	94,079
93.719	3600	ONEHEALTHPORT	90HT0019/01-05	120,095
93.727	3600	INLAND NORTHWEST HEALTH SERVICES	2997	368
93.728	3600	THE UNIVERSITY OF TEXAS HEALTH	0007512G (PROJECT 1)	33,310
93.728	3600	UNIVERSITY OF ILLINOIS	2010-03958-09	188,376
93.824	3600	MONTANA STATE UNIVERSITY - AHEC	G227-12-W3750 AM02	13,989
93.824	3600	UNIV OF ALASKA ANCHORAGE	PO459307	8,673
93.824	3600	UNIV OF ALASKA ANCHORAGE	U76HP06096-0900	6,018
93.824	3600	UNIV OF ALASKA ANCHORAGE	U77HP23073-03-00	6,207
93.837	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	5R01HL09455504AM07	162,251
93.837	3600	BOSTON UNIVERSITY MEDICAL CAMPUS	4500000679 AM02	4,557
93.837	3600	BRIGHAM AND WOMEN'S HOSPITAL	105963 AM05	171,844
93.837	3600	CASE WESTERN RESERVE UNIVERSITY	RES507061AM01PRIMEHL10	-4,141
93.837	3600	CASE WESTERN RESERVE UNIVERSITY	RES508303	65,147
93.837	3600	CHILDREN'S HOSPITAL & RSCH CTR OAKLAND	12_8044_UW_13 AM01	1,504,048
93.837	3600	DUKE UNIVERSITY	2039990 AM04	69,530
93.837	3600	DUKE UNIVERSITY	303-1586 AM05	12,263
93.837	3600	EMORY UNIVERSITY	T088768 AM01	72,987
93.837	3600	FHCRC	0000744295	-1
93.837	3600	FHCRC	0000772726	147,621
93.837	3600	FHCRC	0000779804PR5U01HL0999	65,367
93.837	3600	FHCRC	0000786066	46,736
93.837	3600	FHCRC	0000802102	40,525
93.837	3600	HARVARD SCHOOL OF PUBLIC HEALTH	114149.5061569.0007	61,676



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93.837	3600	INSILICOS LLC	2R44HL08357803A2SUB1MO	20,953
93.837	3600	INSILICOS LLC	2R44HL08357803A2SUB2MO	95,168
93.837	3600	JOAN & SANFORD I. WEILL MEDICAL COLLEGE	1407093655U34HL1150150	7,303
93.837	3600	MEDICAL UNIVERSITY OF SOUTH CAROLINA	MUSC14-019	2,167
93.837	3600	NEW YORK UNIVERSITY	1001073P26C10500NYUPG1	-613
93.837	3600	NORTHWESTERN UNIVERSITY	60029331 UW AMO2	19,940
93.837	3600	NORTHWESTERN UNIVERSITY	60029331 UW AO3	1,644
93.837	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1005000-UW	1,177
93.837	3600	OREGON HEALTH & SCIENCE UNIVERSITY	GPEDC0036A SAHN AM04	62,220
93.837	3600	PALO ALTO MEDICAL FOUNDATION FOR HLTHCAR	4-0756	3,469
93.837	3600	SEATTLE CHILDREN'S HOSPITAL RSCH FNDN	10693SUB MOD02	220,809
93.837	3600	SEATTLE INSTITUTE FOR CARDIAC RESEARCH	5U01HL08970903SICR04RE	-1,507
93.837	3600	SEATTLE INSTITUTE FOR CARDIAC RESEARCH	5U01HL08970905SICR041	37,218
93.837	3600	SEATTLE INSTITUTE FOR CARDIAC RESEARCH	5U01HL08970905SICR05	87,381
93.837	3600	STANFORD UNIVERISTY	60041595-47512-A AM02	36,811
93.837	3600	TRUSTEES UNIVERSITY OF PENNSYLVANIA	561102PRIME5U01HL10040	140,417
93.837	3600	UC DAVIS	201222606-01 AM03	31,492
93.837	3600	UNIV OF KANSAS MEDICAL CTR RESEARCH INST	QR852022 AM2	-117
93.837	3600	UNIV OF KANSAS MEDICAL CTR RESEARCH INST	QR852023 AM03	30,017
93.837	3600	UNIV OF MICHIGAN	3001598618 AM05	35,494
93.837	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5-32534 AM01	259
93.837	3600	UNIVERSITY OF ALABAMA	000501008SC001PR2R01HL	8,140
93.837	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7738SC	96,666
93.837	3600	UNIVERSITY OF IOWA	PO# 1001183543 AM01	165,109
93.837	3600	UNIVERSITY OF IOWA	PO#1001197016	401,358
93.837	3600	UNIVERSITY OF MARYLAND	SR00002293 AM01	-1,357
93.837	3600	UNIVERSITY OF MARYLAND, BALTIMORE	SR00002712 AM01	146,536

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93.837	3600	UNIVERSITY OF MICHIGAN	3001290982 AM05	17,192
93.837	3600	UNIVERSITY OF MINNESOTA	P001435606 AM04	125,502
93.837	3600	UNIVERSITY OF MINNESOTA	P663626609	14,957
93.837	3600	UNIVERSITY OF MINNESOTA	P663626609 AM01	3,153
93.837	3600	UNIVERSITY OF OKLAHOMA	RS20122296-04	30,555
93.837	3600	UNIVERSITY OF OKLAHOMA	RS20130511-01 AM01	5,418
93.837	3600	UNIVERSITY OF OKLAHOMA	RS20130511-01 AM04	118,617
93.837	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE CTR	0008215A AM03	85,944
93.837	3600	UNIVERSITY OF VERMONT	24225SUB50868 AM03	77,608
93.837	3600	VPDIAGNOSTICS, INC	A57620	-228
93.837	3600	WAKE FOREST UNIVERSITY	WUHS 113873 AM04	28,190
93.837	3600	WAKE FOREST UNIVERSITY	WUHS114064WASHINGTONA	12,290
93.837	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-14-236	10,998
93.837	3600	WORCESTER POLYTECHNIC INSTITUTE	14-210740-00-01 AM02	54,129
93.837	3600	YALE UNIVERSITY	M13A11482A08800AM02	20,050
93.837	3600	YALE UNIVERSITY	M13A11482PRIMER01HL085	57,753
93.837	3600	YALE UNIVERSITY	M14A11708 (A09355)	63,393
93.837	3600	YALE UNIVERSITY	M14A11810(A09626)	32,695
93.838	3600	BATTELLE PACIFIC NORTHWEST DIVISION	TO140660MOD06MASTERNO7	515,486
93.838	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY12106601 AM01	589
93.838	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13106601 AM01	713,618
93.838	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13199001	114,510
93.838	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13199301	126,805
93.838	3600	BRIGHAM AND WOMEN'S HOSPITAL	106476 AM01	-238
93.838	3600	COLUMBIA UNIVERSITY	3 (ACCT# 5-36361) AM05	691
93.838	3600	COLUMBIA UNIVERSITY	4 (GG004022)	27,927
93.838	3600	DUKE UNIVERSITY	2032352 AM02	113,456
93.838	3600	DUKE UNIVERSITY	UW BUD# 634090	2,894

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93.838	3600	FHCRC	0000758955	68,661
93.838	3600	FHCRC	0000758955 AM01	41,149
93.838	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000760233	2,312
93.838	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000760233 AM02	17,473
93.838	3600	HARVARD SCHOOL OF PUBLIC HEALTH	112127.5048790 AM2	36,704
93.838	3600	INDIANA UNIVERSITY	IN4624210UW	3,041
93.838	3600	INDIANA UNIVERSITY	IN4687706UWPR5U01HL098	34,887
93.838	3600	SEATTLE CHILDREN'S HOSPITAL	10216SUB MOD03	11,922
93.838	3600	SUNNYBROOK HEALTH SCIENCES CENTRE	HL67939, AM04	30,289
93.838	3600	THE JOHNS HOPKINS UNIVERSITY	2001502917 AM02	28,974
93.838	3600	THE TRUSTEES OF COLUMBIA UNIVERSITY	1 (GG007619)	32,001
93.838	3600	THE TRUSTEES OF COLUMBIA UNIVERSITY	8 (GG006750-02) AM02	86,515
93.838	3600	UCSF CONTROLLER'S OFFICE	6020SC AM04	1,648
93.838	3600	UCSF CONTROLLER'S OFFICE	6020SC AM05	11,902
93.838	3650	NORTHWESTERN UNIV FED FLOW	60035511WSU	54,448
93.839	3600	FHCRC	0000765226 AM02	107,002
93.839	3600	FHCRC	0000766568	9,641
93.839	3600	FHCRC	0000785292 AM01	21,477
93.839	3600	FHCRC	0000791419 AM01	122,214
93.839	3600	FHCRC	785342PRIME5R01HL11621	19,295
93.839	3600	PUGET SOUND BLOOD CTR	802-UW-2013 AM01	101,537
93.839	3600	SEATTLE CHILDREN'S HOSPITAL	10726SUB MOD01	11,249
93.839	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10628SUB MOD03	103,502
93.839	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10938SUB	25,205
93.839	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000308405-001 AM05	67,992
93.846	3600	FHCRC	0000747221	43
93.846	3600	FHCRC	0000777557	45,633
93.846	3600	JOHNS HOPKINS UNIVERSITY	20000100073 AM04	-3,275

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93.846	3600	UNIVERSITY OF MICHIGAN	3002095759 AM03	1,740
93.846	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3002423649PIAM03R01AR0	185
93.846	3700	UC-NIH Stress Evoked 2012-13	FY14.553.001AMD3	9,252
93.847	3600	ARKANSAS CHILDREN'S HOPSITAL RESEARCH	034816PR2R42DK079387	833
93.847	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY12197801	20,966
93.847	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY12197802	17,761
93.847	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13106101	27,333
93.847	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13106102	60,742
93.847	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY131897-02	17,395
93.847	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13197801	66,699
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES507531 AM02 REV	5,177
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES508324	217,471
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES508618 AM01	5
93.847	3600	CEDARS-SINAI MEDICAL CENTER	806216	-415
93.847	3600	CHILDREN'S HOSPITAL OF PITTSBURGH-UPMC	0019692 (120794-5)	328
93.847	3600	CINCINNATI CHILDREN'S HOSPITAL MEDICAL C	109748 AM01	32,694
93.847	3600	CINCINNATI CHILDREN'S HOSPITAL MEDICAL C	109748 AM02	51,748
93.847	3600	DOSE SAFETY	1 R43 DK 093070-01	2,979
93.847	3600	FHCRC	0000756451	-23
93.847	3600	FHCRC	0000790720	183,573
93.847	3600	FHCRC	0000796543	13,937
93.847	3600	GEORGE WASHINGTON UNIV	12-D18 AM07	2,033,572
93.847	3600	GEORGE WASHINGTON UNIVERSITY	12-D17 AM04	21,433
93.847	3600	GEORGE WASHINGTON UNIVERSITY	S-DPP1314-JB02	464,675
93.847	3600	GEORGE WASHINGTON UNIVERSITY	S-DPP1415-JB02	237,547
93.847	3600	GEORGIA HEALTH SCIENCES UNIVERSITY	25034-14 AM01	34,289
93.847	3600	GEORGIA HEALTH SCIENCES UNIVERSITY	25034-22 AM01	53,574
93.847	3600	GEORGIA HEALTH SCIENCES UNIVERSITY	25034-23 AM01	32,287

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93.847	3600	GEORGIA HEALTH SCIENCES UNIVERSITY	25730-1 AM01	30,238
93.847	3600	GEORGIA REGENTS UNIVERSITY	2503433PR5U24DK0761690	35,536
93.847	3600	GEORGIA REGENTS UNIVERSITY	25732423U24DK07616908S	5,949
93.847	3600	HEALTHPARTNERS RESEARCH FOUNDATION	85285270X0813200MOD03	52,939
93.847	3600	HEALTHPARTNERS RESEARCH FOUNDATION	85285270X0813200MOD04	110,978
93.847	3600	MASSACHUSETTS GENERAL HOSPITAL	223192 AM01	24,284
93.847	3600	NYU LANGONE MEDICAL CENTER	1000119PROJECT867040AM	3,324
93.847	3600	SEATTLE BIOMEDICAL RSCH INST	KS121SCBE11SIBCR	1,046
93.847	3600	SEATTLE CHILDREN'S	10662SUB	-734
93.847	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10662SUB	14,825
93.847	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10662SUB MOD04	624,464
93.847	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10820SUB	13,675
93.847	3600	SEATTLE INST. FOR BIOMEDICAL & CLINICAL	JPA/PO# KS121KS12SIBCR	1,029
93.847	3600	SEATTLE INST. FOR BIOMEDICAL & CLINICAL	JPA/PO#TG110MEIQ3SIBCR	60,648
93.847	3600	SIBCR	JPA/PO# HR15HR12SIBCR	86,241
93.847	3600	SIBCR	JPA/PO#UK16UK13SIBCR	31,370
93.847	3600	SIBCR	KS121LOVATC3SIBCR	891
93.847	3600	SIBCR	KS121SCTD12SIBCR	1,085
93.847	3600	SIBCR	KS121SOCHAJ3SIBCR	5,593
93.847	3600	SIBCR	KS140-UW-1 MOD01	418
93.847	3600	SIBCR	KS141-UW-2	239,586
93.847	3600	THE UNIVERSITY OF SOUTH FLORIDA	6119-1276-00-AM	11,725
93.847	3600	THE UNIVERSITY OF TEXAS	GMO111131 AM02	55,369
93.847	3600	THE UNIVERSITY OF TEXAS	GMO111131AM015U01DK583	10,706
93.847	3600	TUFTS MEDICAL CENTER	5007632-SERV AM01	18,052
93.847	3600	TUFTS MEDICAL CENTER	5007632-SERV AM02	6,225
93.847	3600	UNIV OF ARKANSAS FOR MEDICAL SCIENCES	39676 AM01	23,292
93.847	3600	UNIV OF CA SAN DIEGO	38947675001P01DK054441	311,875

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93.847	3600	UNIV OF IOWA	W000421367PO1001122954	3,153
93.847	3600	UNIV OF IOWA	W000521196PO1001229975	32,141
93.847	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5-33426 AM01	3,018
93.847	3600	UNIV OF NORTH CAROLINA-CHAPEL HILL	5-33711	3,292
93.847	3600	UNIV OF PITTSBURGH	00087051229401AM01	470,637
93.847	3600	UNIVERSITY OF CALIFORNIA, LA	1553GPC5391DP3DK094311	380,830
93.847	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7623SC	16,176
93.847	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	8002SC	53,012
93.847	3600	UNIVERSITY OF LOUISVILLE	OICB111041Z02B	55,020
93.847	3600	UNIVERSITY OF LOUISVILLE	OICB111041Z02 AM01	8,376
93.847	3600	UNIVERSITY OF MIAMI	IE64441-66977	77,381
93.847	3600	UNIVERSITY OF MICHIGAN	3001343695AM07U54DK083	3,790
93.847	3600	UNIVERSITY OF MINNESOTA	N001447101	2,382
93.847	3600	UNIVERSITY OF MINNESOTA	N001447101 AM01	5,622
93.847	3600	UNIVERSITY OF MINNESOTA	N002174701	3,870
93.847	3600	UNIVERSITY OF MINNESOTA	N002174701 AM01	5,630
93.847	3600	UNIVERSITY OF PITTSBURGH	0008705 (122323-1)	-4,277
93.847	3600	UNIVERSITY OF PITTSBURGH	0012368 121764-1	227,734
93.847	3600	UNIVERSITY OF SOUTH FLORIDA	6119-1144-00-AD MOD06	186,785
93.847	3600	UNIVERSITY OF SOUTH FLORIDA	6119-1144-00-Z MOD07	727,970
93.847	3600	UNIVERSITY OF UTAH	10019509-04 AM01	10,640
93.847	3600	UNIVERSITY OF UTAH	10019509-04 AM02	24,940
93.847	3600	UNIVERSITY OF UTAH	10019509-04 AM03	104,541
93.847	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 42466	27,076
93.847	3600	WAKE FOREST UNIVERSITY	WUHS 118224	321,300
93.847	3600	WAKE FOREST UNIVERSITY	WUHS 14113 AM08	40,448
93.847	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU11198PO2911630PAM054	13,047
93.847	3600	YALE UNIVERSITY	M13A11502 (A09021)	371

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93.847	3600	YALE UNIVERSITY	M13A11502A09021AM01	11,355
93.847	3650	PROVIDENCE MEDICAL RESEARCH CT	NIDDK20110001	46,583
93.849	3600	INDIANA UNIVERSITY	IUPUI4682197UWASH AM05	262,947
93.853	3600	BASTYR UNIVERSITY	H38B11-01 AM02	60,386
93.853	3600	BASTYR UNIVERSITY	H38B11-02 AM01	2,276
93.853	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	01026743 AM01	3,705
93.853	3600	DUKE UNIVERSITY	203-2297	8,347
93.853	3600	DUKE UNIVERSITY	203-2297 AM01	11,379
93.853	3600	DUKE UNIVERSITY	203-3334	11,636
93.853	3600	DUKE UNIVERSITY	203-3676 AM01	79,066
93.853	3600	EMORY UNIVERSITY	S971999 AM01	12,372
93.853	3600	EMORY UNIVERSITY	T091872 AM02	36,056
93.853	3600	FHCRC	0000770105	172,168
93.853	3600	FHCRC	0000798271	43,140
93.853	3600	KAISER FOUNDATION RSCH INST	115-9241-01 AM01	27,673
93.853	3600	MASSACHUSETTS GENERAL HOSPITAL	208248AM04R01NS0597270	-8,004
93.853	3600	MEDICAL COLLEGE OF WISCONSIN, INC.	PO# 1461762 AM01	57,290
93.853	3600	MOUNT SINAI SCHOOL OF MEDICINE	0255661146091U01NS0866	203,630
93.853	3600	NORTHWESTERN UNIVERSITY	60026665 UW AM02	91
93.853	3600	NORTHWESTERN UNIVERSITY	60026665 UW AM03	48,940
93.853	3600	NORTHWESTERN UNIVERSITY	60030115 UW AM03	196,173
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	9008346-UWHMC	3,898
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	9008346_UWHMC	20,218
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	9008715_HMC	256
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	9008715_HMC AM01	644
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	AAIRC0023A AM02	-3,331
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	AAIRC0023A AM03	39,616
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	AAIRC0023A AM04	18,140

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93.853	3600	THE MEDICAL COLLEGE OF WISCONSIN, INC.	PR5R01NS03592911AM01	-153
93.853	3600	U OF TEXAS SW MEDICAL CTR	100104PORGC0000000128A	130,915
93.853	3600	UCSF CONTROLLER'S OFFICE	7891SC	57,183
93.853	3600	UNIV OF CALIFORNIA, SAN DIEGO	10316345-002	8,821
93.853	3600	UNIV OF CALIFORNIA, SAN DIEGO	10316345-003	31,968
93.853	3600	UNIV OF TENNESSEE	NS044163-UNIV OF WA	65,573
93.853	3600	UNIV OF TEXAS SOUTHWESTERN MEDICAL CTR	GMO 120114 AM01	5,198
93.853	3600	UNIVERSITY OF ALABAMA	000377209-038 AM03	-5
93.853	3600	UNIVERSITY OF CALIFORNIA	6495SC AM04	-1,521
93.853	3600	UNIVERSITY OF CALIFORNIA	6495SC AM05	41,813
93.853	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7150SC AM01	3,233
93.853	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7150SC AM02	11,829
93.853	3600	UNIVERSITY OF IOWA	W000311706 AM14	-2,126
93.853	3600	UNIVERSITY OF MINNESOTA	N001257301 AM03	4,869
93.853	3600	UNIVERSITY OF PITTSBURGH	0030451 (123192-3)	17,052
93.853	3600	UNIVERSITY OF PITTSBURGH	0030451(123192)	12,499
93.855	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	31057M AM01	102,354
93.855	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13109804	127,395
93.855	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY14109803	22,802
93.855	3600	BRIGHAM & WOMENS HOSP	104281, AM04	-32,214
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	108079 AM01	135,809
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	108279 MOD01	4,263
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	108364	19,731
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	108406 MOD01	58,694
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	108561 MOD02	30,791
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	109927 MOD01	154,398
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	109930 MOD01	130,266
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL, INC.	110007	900



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93.855	3600	COLUMBIA UNIVERSITY	1 (GG008377)	437,777
93.855	3600	CORNELL UNIVERSITY	11122122 AM02	7,789
93.855	3600	CORNELL UNIVERSITY	13020246-2 AM01	-5,710
93.855	3600	FHCRC	0000739400 AM02	6,886
93.855	3600	FHCRC	0000744762 AM01	84,358
93.855	3600	FHCRC	0000748478	5,723
93.855	3600	FHCRC	0000748516	498
93.855	3600	FHCRC	0000748867 AM01	421
93.855	3600	FHCRC	0000748870	224,030
93.855	3600	FHCRC	0000748870 AM02	1,167,497
93.855	3600	FHCRC	0000749583 AM01	328,301
93.855	3600	FHCRC	0000749607 AM02	331,128
93.855	3600	FHCRC	0000750091 AM02	30,882
93.855	3600	FHCRC	0000750158 AM02	11,606
93.855	3600	FHCRC	0000750159 AM02	35,739
93.855	3600	FHCRC	0000750383	6,199
93.855	3600	FHCRC	0000751598 AM01	7,221
93.855	3600	FHCRC	0000751687	20,936
93.855	3600	FHCRC	0000751832 AM01	-159,926
93.855	3600	FHCRC	0000761042 AM01	216,000
93.855	3600	FHCRC	0000761408 AM01	176,850
93.855	3600	FHCRC	0000762014	99
93.855	3600	FHCRC	0000763849 AM02	358,529
93.855	3600	FHCRC	0000765806 AM01	19,312
93.855	3600	FHCRC	0000766720	12,689
93.855	3600	FHCRC	0000767348	16,041
93.855	3600	FHCRC	0000767707	192,652
93.855	3600	FHCRC	0000769010	113,718

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93.855	3600	FHCRC	0000769700	160,841
93.855	3600	FHCRC	0000772228	276,774
93.855	3600	FHCRC	00007802335UM1AI068614	20,153
93.855	3600	FHCRC	0000780234	20,153
93.855	3600	FHCRC	0000783277	528,748
93.855	3600	FHCRC	0000783278	26,277
93.855	3600	FHCRC	0000783989	39,941
93.855	3600	FHCRC	0000784336	97,018
93.855	3600	FHCRC	0000784337	18,890
93.855	3600	FHCRC	0000784339 AM01	398,811
93.855	3600	FHCRC	0000784341	3,732
93.855	3600	FHCRC	0000784932	964,122
93.855	3600	FHCRC	0000785341	92,837
93.855	3600	FHCRC	0000786672	384,727
93.855	3600	FHCRC	0000788686	201,569
93.855	3600	FHCRC	0000791198	662,627
93.855	3600	FHCRC	0000791231 AM01	434,998
93.855	3600	FHCRC	0000791232	146,850
93.855	3600	FHCRC	0000791284	6,851
93.855	3600	FHCRC	0000791355	42,379
93.855	3600	FHCRC	0000791569	240,969
93.855	3600	FHCRC	0000796178	2,113
93.855	3600	FHCRC	0000796748	161,630
93.855	3600	FHCRC	0000797859	44,233
93.855	3600	FHCRC	0000798456	44,844
93.855	3600	FHCRC	0000800330	32,147
93.855	3600	FHCRC	0000800331	330,720
93.855	3600	FHCRC	0000800547	5,779

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93.855	3600	FHCRC	766467	22,186
93.855	3600	FHCRC	UW BUD# 662823	26,412
93.855	3600	FHCRC	UW BUD# 669188	20,662
93.855	3600	FHI 360	971/0080.0173 AM03	22,720
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000748481 AM01	170,597
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000783907	47,242
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000791572 AM01	93,037
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000791700 AM01	221,419
93.855	3600	GEORGIA HEALTH SCIENCES UNIVERSITY	23069-21	-166
93.855	3600	GEORGIA REGENTS UNIVERSITY	23069-50	86,964
93.855	3600	HARVARD SCHOOL OF PUBLIC HEALTH	109668-5066267	1,898
93.855	3600	HARVARD SCHOOL OF PUBLIC HEALTH	23570-114063 AM04	45,146
93.855	3600	INDIANA UNIVERSITY	IN-4689724-UW AM04	62,702
93.855	3600	JOAN & SANFORD I. WEILL MEDICAL COLLEGE	13010010-2	44,201
93.855	3600	JOAN & SANFORD I. WEILL MEDICAL COLLEGE	14020168AM015R21AI1002	77,028
93.855	3600	JOHNS HOPKINS UNIVERSITY	2001317198, MOD 4	386,085
93.855	3600	JOHNS HOPKINS UNIVERSITY	2002078835	2,243
93.855	3600	JOHNS HOPKINS UNIVERSITY	UW BUD# 666062	127,529
93.855	3600	KECK GRADUATE INSTITUTE	CRA-2013-021	46,395
93.855	3600	KECK GRADUATE INSTITUTE	SUBPRIME1R01AI09083101	3,207
93.855	3600	KINETA, INC.	3470 MOD03	104,888
93.855	3600	MAGEE-WOMEN'S RESEARCH INST.& FDTN	4626 P:1 U19 AI082639	263,946
93.855	3600	MAGEE-WOMEN'S RESEARCH INST.& FDTN	4642	18,812
93.855	3600	MAGEE-WOMEN'S RESEARCH INST.& FDTN	9265 AM01	114,370
93.855	3600	MAGEE-WOMEN'S RESEARCH INST.& FDTN	9323	121,117
93.855	3600	MAGEE-WOMEN'S RESEARCH INSTITUTE	9243 AM01	327,331
93.855	3600	MAGEE-WOMEN'S RESEARCH INSTITUTE	9277 AM01	195,547
93.855	3600	MICROBIOTIX, INC	AM01	78,786

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93.855	3600	MMV MEDICINES FOR MALARIA VENTURE	MMV06/0013	28,366
93.855	3600	NORTHWESTERN UNIVERSITY	SP0007967PROJ0002212AM	76,045
93.855	3600	NORTHWESTERN UNIVERSITY	SP0026886-PROJ0007064	130,410
93.855	3600	OHIO STATE U RESEARCH FOUNDATION	60036897 AM01	176,095
93.855	3600	OREGON HEALTH & SCIENCE UNIVERSITY	9004157_UW_BEVAN	223,088
93.855	3600	OREGON HEALTH & SCIENCE UNIVERSITY	9004157_UW_GALE AM07	268,444
93.855	3600	OREGON HEALTH & SCIENCE UNIVERSITY	9004157_UW_KATZE	491,666
93.855	3600	OREGON HEALTH & SCIENCE UNIVERSITY	9004157UWLAGUNOFFAM04	110,268
93.855	3600	OREGON HEALTH & SCIENCE UNIVERSITY	AVGTI0103UOFWKNKATZEAM0	-3,335
93.855	3600	PUBLIC HEALTH FOUNDATION ENTERPRISES	SUB 5 R01 AI 083060-03	-11,396
93.855	3600	PUBLIC HEALTH FOUNDATION ENTERPRISES	SUB 5 R01 AI 083060-04	10,845
93.855	3600	RUTGERS, THE STATE UNIVERSITY	8124 MOD04	358,078
93.855	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UW-15517-A	6,549
93.855	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UW-16062 MOD04	150,404
93.855	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWPC-15517-A	7,091
93.855	3600	SEATTLE BIOMEDICAL RSCH INST	16010	161,388
93.855	3600	SEATTLE BIOMEDICAL RSCH INST	UW-12534 MOD03	8,858
93.855	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10788SUB	15,862
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	0000747659	-132
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	10189SUB AM03	-4,542
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	10330SUB MOD03	53,424
93.855	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10590SUB	235,188
93.855	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10590SUB MOD01	153,656
93.855	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10913SUB	206,081
93.855	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10972SUB	9,047
93.855	3600	SEQUELLA, INC.	UW BUD# 661891	881
93.855	3600	THE BRIGHAM AND WOMEN'S HOSPITAL, INC.	108081 AM03	233,939
93.855	3600	THE BRIGHAM AND WOMEN'S HOSPITAL, INC.	108085 AM01	2,449

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93.855	3600	THE BRIGHAM AND WOMEN'S HOSPITAL, INC.	108088 AM02	20,423
93.855	3600	THE BRIGHAM AND WOMEN'S HOSPITAL, INC.	110009 AM01	3,239
93.855	3600	THE BRIGHAM AND WOMEN'S HOSPITAL, INC.	110014	4,585
93.855	3600	THE JOHNS HOPKINS UNIVERSITY	2002131144	2,773
93.855	3600	THE JOHNS HOPKINS UNIVERSITY	2002150083	5,011
93.855	3600	UCSF CONTROLLER'S OFFICE	7364SC	8,121
93.855	3600	UCSF CONTROLLER'S OFFICE	7364SC AM01	8,247
93.855	3600	UMDNJ	191675W AM03	754,035
93.855	3600	UNIV OF COLORADO, DENVER	FY11284002FY14284001AM	132,526
93.855	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5-33051	183,816
93.855	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5-33051 AM01	833,559
93.855	3600	UNIV OF NORTH CAROLINA-CHAPEL HILL	5-33047 AM01	374,074
93.855	3600	UNIV OF NORTH CAROLINA-CHAPEL HILL	5-33053 AM01	224,077
93.855	3600	UNIV OF TEXAS SOUTHWESTERN MEDICAL CTR	GMO130301 PO#386	139,258
93.855	3600	UNIV OF TEXAS SOUTHWESTERN MEDICAL CTR	GMO130301PO386AM01	94,824
93.855	3600	UNIVERSITY OF UTAH	10009618-UW-01 MOD01	44,712
93.855	3600	UNIVERSITY OF ALABAMA	000384588-001 AM02	713
93.855	3600	UNIVERSITY OF ALABAMA	000384588-001 AM03	66,302
93.855	3600	UNIVERSITY OF ALABAMA	000384588-001 AM05	108,631
93.855	3600	UNIVERSITY OF ALABAMA	000384599-002 AM031	-1,390
93.855	3600	UNIVERSITY OF ALABAMA	000421524-002 AM01	-4,888
93.855	3600	UNIVERSITY OF ALABAMA	000421524-002 AM02	153,684
93.855	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000397076-012 AM02	70,422
93.855	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000397076-012 AM03	92,147
93.855	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000397076-012 AM04	685,201
93.855	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	UW BUD# 668060	41,574
93.855	3600	UNIVERSITY OF CALIFORNIA, SAN DIEGO	10293192, AM06	14,998
93.855	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7828SC	33,868

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93.855	3600	UNIVERSITY OF CALIFORNIA,DAVIS	201223949-01 AM02	11,089
93.855	3600	UNIVERSITY OF CALIFORNIA,DAVIS	201223949-01 AM1	146,406
93.855	3600	UNIVERSITY OF CENTRAL FLORIDA	22206046C	27,398
93.855	3600	UNIVERSITY OF CENTRAL FLORIDA	22206046C AM02	139,624
93.855	3600	UNIVERSITY OF CHICAGO	FB000499	12,446
93.855	3600	UNIVERSITY OF MASSACHUSETTS, WORCESTER	6143803RFS2013031AM02	548,903
93.855	3600	UNIVERSITY OF MASSACHUSETTS, WORCESTER	WA00123686RFS2014033AM	883,193
93.855	3600	UNIVERSITY OF NORTH CAROLINA	5-33047	77,668
93.855	3600	UNIVERSITY OF NORTH CAROLINA	5-33053	44,187
93.855	3600	UNIVERSITY OF NORTH CAROLINA	5-50817 AM05	-53
93.855	3600	UNIVERSITY OF NORTH CAROLINA, CHAPEL HI	5-33571	16,391
93.855	3600	UNIVERSITY OF PITTSBURGH	0010255 (123113-1)	74,070
93.855	3600	UNIVERSITY OF PITTSBURGH	0022494 (119409-3)AM01	8,551
93.855	3600	UNIVERSITY OF PITTSBURGH	00224941194092AM01	3,781
93.855	3600	UNIVERSITY OF WISCONSIN-MADISON	171K765 AM04	197,776
93.855	3600	UNIVERSITY OF WISCONSIN-MADISON	490K066 MOD 01	24,274
93.855	3650	SEATTLE CHILDREN'S HOSPITAL	10685SUB	357,288
93.859	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	31524J	83,285
93.859	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13197601	9,145
93.859	3600	COLORADO UNIV	FY10,001-003 AMEND #2	315
93.859	3600	FISRTHAND TECHNOLOGY INC.	UW BUD# 664860	18,076
93.859	3600	HARVARD SCHOOL OF PUBLIC HEALTH	114041-5026836 AM01	29,119
93.859	3600	HARVARD SCHOOL OF PUBLIC HEALTH	114041-5026836 AM02	15,243
93.859	3600	MEDICAL COLLEGE OF WISCONSIN	PRIME5P50GM0945030303	20,481
93.859	3600	NEXGENIA, INC./NEW VENTURES FACILITY	UW BUD# 667056	223,961
93.859	3600	OKLAHOMA MEDICAL RESEARCH FOUNDATION	5R01GM09290002PRIME	2,732
93.859	3600	OKLAHOMA MEDICAL RESEARCH FOUNDATION	5R01GM09290003024403	32,613
93.859	3600	PUGET SOUND BLOOD CTR	PO-032173	6,374

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93.859	3600	PUGET SOUND BLOOD CTR	PO-037192	4,670
93.859	3600	PUGET SOUND BLOOD CTR	WATKINS RNA	3,932
93.859	3600	UNIV OF CALIFORNIA, SAN DIEGO	10318834-002	89,555
93.859	3600	UNIV OF CALIFORNIA, SAN DIEGO	10318834-003	315,962
93.859	3600	UNIVERSITY OF FLORIDA	UFDSP00010190 AM01	243,907
93.859	3600	UNIVERSITY OF MASSACHUSETTS, LOWELL	S51110000020434 AM01	75,614
93.859	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3002786134	28,484
93.859	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3002887843 AM01	41,041
93.859	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5-30194 AM06	95,504
93.859	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5-33659	88,154
93.859	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5-33659 AM01	22,198
93.859	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	48299071	10,625
93.859	3600	UNIVERSITY OF VIRGINIA	GC11617-139123 AM01	10,489
93.859	3650	WASHINGTON UNIV IN ST LOUIS	WU11306	74,958
93.859	3700	UF-Sigma Virus	Sub#UF09051 A#4	15,090
93.859	6990	UW- BLDG GIOENGR BRIDGES	681978	40,247
93.865	3600	ALBERT EINSTEIN HEALTHCARE NETWORK	5 R01 HD 0061400-03	44,735
93.865	3600	ALBERT EINSTEIN HEALTHCARE NETWORK	R01 HD 061400 MOD01	15,713
93.865	3600	BAYLOR COLLEGE OF MEDICINE	5600716840	-1,675
93.865	3600	BAYLOR COLLEGE OF MEDICINE	5600716840 AM02	238,066
93.865	3600	CHILDREN'S MERCY HOSPITAL	10-0002 AM03	106,437
93.865	3600	CINCINNATI CHILDREN'S HOSPITAL MEDICAL C	1304745K12HD00085029RE	102,843
93.865	3600	FHCRC	0000747286AM015P01HD06	68,613
93.865	3600	FHCRC	0000747305	-201
93.865	3600	FHCRC	0000767818	827
93.865	3600	FHCRC	0000767820	110,394
93.865	3600	FHCRC	0000772903	28,753
93.865	3600	FHCRC	0000783262 AM02	166,985

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93.865	3600	FHCRC	0000783376 AM01	171,004
93.865	3600	FHCRC	0000783376PR5P01HD0649	161,272
93.865	3600	FHCRC	0000783378	149,314
93.865	3600	FHCRC	0000783378 AM01	131,158
93.865	3600	FHCRC	0000796248 AM1	8,057
93.865	3600	FHCRC	0000796350 AM01	9,913
93.865	3600	FHCRC	0000798538	11,962
93.865	3600	FHCRC	684136	-736
93.865	3600	FHCRC	747304	1,517
93.865	3600	FHCRC	UW BUD# 667936	11,996
93.865	3600	GEORGE WASHINGTON UNIV	S-MFM1213-JB12 AM01	15,169
93.865	3600	GEORGE WASHINGTON UNIV	S-MFM1213-JB13 AM01	93,489
93.865	3600	GEORGE WASHINGTON UNIV	S-MFM1314-JB13	10,016
93.865	3600	GROUP HEALTH RESEARCH INSTITUTE	2013156365	35,895
93.865	3600	HARVARD SCHOOL OF PUBLIC HEALTH	114119-5060443 AM01	9,267
93.865	3600	HARVARD SCHOOL OF PUBLIC HEALTH	114119.5060443	1,432
93.865	3600	JOHNS HOPKINS UNIVERSITY	2001426055 AM03	8,695
93.865	3600	JOHNS HOPKINS UNIVERSITY	2001894994PR5U54HD0707	6,954
93.865	3600	NEW YORK UNIVERSITY	F7432-02AM01	55,634
93.865	3600	NORTHWESTERN UNIVERSITY	60032241 UW AM02	76,067
93.865	3600	NORTHWESTERN UNIVERSITY	60032241 UW AM03	48,782
93.865	3600	NORTHWESTERN UNIVERSITY	60032241 UW AMA01	-1,026
93.865	3600	RTI INTERNATIONAL	U10HD057753 AM05	63,993
93.865	3600	SEATTLE CHILDREN'S HOSPITAL	10286SUB MOD03	10,168
93.865	3600	SEATTLE CHILDREN'S HOSPITAL RSCH FNDN	10255SUB MOD03	31,433
93.865	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10478SUB MOD03	53,806
93.865	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10479SUB MOD03	27,150
93.865	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10893SUB	24,692



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93.865	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10988SUB	1,903
93.865	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	UW BUD# 665381	33,438
93.865	3600	STANFORD UNIVERSITY	60499579-47273 AM01	1,530
93.865	3600	SWEDISH HEALTH SERVICES	UW 803235A MOD05	17,534
93.865	3600	THE POPULATION COUNCIL	SR1317 AM02	27,496
93.865	3600	UCLA CCPR	1215 G JB215 AM06	57,231
93.865	3600	UCLA COMMUNITY HEALTH SERVICES	1920 G RA131	52,887
93.865	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7810SCPR5R01HD07451102	17,165
93.865	3600	UNIVERSITY OF CONNECTICUT	7023 AM02	165,975
93.865	3600	UNIVERSITY OF NORTH CAROLINA	5-33193	30,051
93.865	3600	UNIVERSITY OF NORTH CAROLINA	5-33193 AM01	161,063
93.865	3600	UNIVERSITY OF NORTH CAROLINA	5-33193 AM03	302,214
93.865	3600	UNIVERSITY OF NORTH CAROLINA	5-51032 AM03	-5,182
93.865	3600	UNIVERSITY OF NORTH CAROLINA	533193AM022R01HD055741	138,943
93.865	3600	UNIVERSITY OF NORTH CAROLINA	533193AM02PR5R01HD0557	111,185
93.865	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5-33285	11,445
93.865	3600	UNIVERSITY OF PITTSBURGH	0019692 (120794-6)	214,331
93.865	3600	UNIVERSITY OF PITTSBURGH	0024922 (124221-7)	33,750
93.865	3600	UNIVERSITY OF PITTSBURGH	002492212017110AM01	1
93.865	3600	UNIVERSITY OF PITTSBURGH	00249221228184AM01	73,395
93.865	3650	BAYLOR COLLEGE OF MED FED	5600653614	84,949
93.865	3650	HARVARD UNIV	1163405497759	18,972
93.865	3650	OR HLTH SCI UNIV FED FLOW	9003418005WSU	-965
93.865	3650	UNIV OF MASSACHUSETTS	14007799C00	6,984
93.866	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	310102 AM04	29,585
93.866	3600	BOSTON UNIVERSITY	4500001378 AM01	52,697
93.866	3600	CHILDREN'S HOSPITAL AND REGIONAL MED CTR	10213SUB AM03	13,758
93.866	3600	DARTMOUTH COLLEGE	1355	58,792

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93.866	3600	EMORY UNIVERSITY	T083679	24,508
93.866	3600	FHCRC	0000751935AM1U01AG0326	17,959
93.866	3600	FHCRC	0000767844	18,375
93.866	3600	FHCRC	0000783776	158,054
93.866	3600	GROUP HEALTH COOPERATIVE	2013132311 MOD01	126,943
93.866	3600	GROUP HEALTH COOPERATIVE	2014134622	9,750
93.866	3600	GROUP HEALTH RESEARCH INSTITUTE	2012110766 MOD01	7,747
93.866	3600	GROUP HEALTH RESEARCH INSTITUTE	2012116175 MOD02	43,292
93.866	3600	GROUP HEALTH RESEARCH INSTITUTE	2012121176	20,766
93.866	3600	GROUP HEALTH RESEARCH INSTITUTE	2013156516	33,133
93.866	3600	GROUP HEALTH RESEARCH INSTITUTE	AG006781-25-UW	157,354
93.866	3600	GROUP HEALTH RESEARCH INSTITUTE	AG006781-26-UW	727,207
93.866	3600	HARVARD SCHOOL OF PUBLIC HEALTH	5079924 /116519	3,729
93.866	3600	JOHNS HOPKINS AT EASTERN A/P SVC CTR	2000073393AM04	-3
93.866	3600	MANAGEMENT SCIENCES FOR HEALTH	SIAPS2011003TO08AM01	37,915
93.866	3600	SIBCR	JPAPOPE1AG033133PE1SIB	3,440
93.866	3600	SIBCR	JPAPOPE1AG033133SHOFER	2,389
93.866	3600	SIBCR	PE1AG033133LG12SIBCR	4,463
93.866	3600	SIBCR	POPE1AG033133SIKKEC2SI	3,482
93.866	3600	TRUSTEES OF BOSTON COLLEGE	5001680-02	15,764
93.866	3600	TUFTS MEDICAL CENTER	5005011-SERV AM01	144,273
93.866	3600	TUFTS MEDICAL CENTER	5005011SERVAM025R01AG0	22,744
93.866	3600	UNIVERSITY OF CA, IRVINE	2012-2867	3,501
93.866	3600	UNIVERSITY OF CALIFORNIA IRVINE	2014-3038	4,409
93.866	3600	UNIVERSITY OF CALIFORNIA, DAVIS	0900012 AM05	9,840
93.866	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	1536 AM03	10,245
93.866	3600	UNIVERSITY OF COLORADO	FY13001007FY14001004AM	171,464
93.866	3600	UNIVERSITY OF COLORADO - DENVER	FY13001007PROJ2574695	5,603

**State of Washington**  
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**Note F:**  
**Supplemental Information for Pass-Through Funds**

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<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
93.866	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3002473402 AM01	213,940
93.866	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3002473402 AM02	184,473
93.866	3600	UNIVERSITY OF PENNSYLVANIA	561036 AM02	13,566
93.866	3600	UNIVERSITY OF PENNSYLVANIA	561036AM02PR5U01AG3298	24,474
93.866	3600	UNIVERSITY OF PENNSYLVANIA	563259	11,930
93.866	3600	UNIVERSITY OF PITTSBURGH	0012200 122381-6 AM03	216,108
93.866	3600	UNIVERSITY OF SOUTH FLORIDA	6155-1030-00-A AM02	94,669
93.866	3600	VANDERBILT U MED CTR ACAD & RSCH ENT.	VUMC 40785 AM02	22,950
93.866	3600	WAKE FOREST UNIVERSITY	WUHS 110918 AM01	13,578
93.867	3600	COLUMBIA UNIVERSITY	1 (GG010289) AM01	20,919
93.867	3600	HARVARD MEDICAL SCHOOL	1 R01 EY 022302-01	15,740
93.867	3600	JAEB CENTER FOR HEALTH RESEARCH, INC.	9-29-03	81,540
93.867	3600	OREGON HEALTH SCIENCES UNIVERSITY	1002605_UW AM01	93,672
93.867	3600	UCSF CONTROLLER'S OFFICE	7271SC	22,333
93.867	3600	UNIV OF CA SAN DIEGO	39543216-001	95,823
93.867	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	PO#10317338-003	282,604
93.867	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	00007517 AM04	451,317
93.867	3600	UNIVERSITY OF CALIFORNIA, SAN DIEGO	10315588-003	33,730
93.867	3600	UNIVERSITY OF MINNESOTA	N640615302, AM05	6,513
93.867	3600	UNIVERSITY OF MINNESOTA	N640615302AM06P2R01EY0	57,061
93.867	3650	OR HLTH SCI UNIV FED FLOW	GCAEI0244A	12,846
93.867	3650	OR HLTH SCI UNIV FED FLOW	GPHYP0181WSU	8
93.879	3600	CLARK & PARSIA LLC	UW BUD# 662794	31,355
93.879	3600	UNIVERSITY OF PITTSBURGH	0040478 (124095-3)	7,616
93.912	3600	MONTANA STATE UNIVERSITY - AHEC	G135-14-W4590	2,419
93.933	3600	BLACK HILLS CTR FOR AMERICAN INDIAN HLTH	PRIMEU261IHS00420401BH	9,894
93.933	3600	NATIONAL CONGRESS OF AMERICAN INDIANS	U261IHS00360400SA04AM0	32,070
93.933	3600	SOUTHCENTRAL FOUNDATION	560101-20-415 AM01	86,830

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<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
93.944	3600	PUBLIC HEALTH-SEATTLE & KING COUNTY	PREV3080	4,981
93.945	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10694SUB	1,170
93.945	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10827SUB	3,042
93.989	3600	UNIVERSIDAD PERUANA CAYETANO HEREDI	D43TW008438-04	26,112
93.989	3600	UNIVERSIDAD PERUANA CAYETANO HEREDIA	UW BUD# 674822	13,169
93.989	3600	UNIVERSITY OF NAIROBI	3 R24 TW 008889-02S1	7,458
93.989	3600	UNIVERSITY OF NAIROBI	PRIME5R24TW00888903	40,986
93.989	3600	UNIVERSITY OF NAIROBI	PRIME5R24TW00888904	245,485
93.989	3600	VANDERBILT U MED CTR ACAD & RSCH ENT.	VUMC 42129 AM02	27,720
93.989	3600	VANDERBILT U MED CTR INST FOR GLOB HLTH	VUMC 42513 AM02	8,818
93.989	3600	VANDERBILT U MED CTR INST FOR GLOB HLTH	VUMC 43017	16,773
93.989	3600	VANDERBILT UMC GLOBAL HEALTH INST.	VUMC 38425 AM01	3,070
93.989	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 36924 AM03	24,617
93.989	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 42068 AM01	2,985
93.989	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 42070	2,774
94.006	3600	JUMPSTART FOR YOUNG CHILDREN	480200	183,573
94.007	6990	Campus Compact	1314 MLK Mini Grant	1,000
94.007	6990	Department of Early Learning	1314 Quality Award	5,000
95.001	0800	Northwest High Intensity Drug Trafficking Area	9003000004	33,091
95.001	3600	NORTHWEST HIDTA	9001000055	7,148
97.000	3600	BAKERAECOM, LLC	TO# UWA-PTS-001 MOD04	-3
97.000	3600	DUKE UNIVERSITY	14-DHS-1100 AM01	147,948
97.000	3600	UNIVERSITY OF MICHIGAN	3001657166 AM04	5,092
97.000	3650	MEDICAL UNIV OF SOUTH CAROLINA	MUSC13003	122,419
97.000	3650	UNIV OF S CA	167561	27,462
97.036	6990	Military Department	D12-024	250
97.039	3760	FEMA	E-10-198	-707
97.056	2250	Marine Exchange of Puget Sound	C120059FED-PSG1	111,750

**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Note F:**  
**Supplemental Information for Pass-Through Funds**

*For the Year Ended  
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<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
97.056	2250	Marine Exchange of Puget Sound	C130082FED-PS2A	1,809
97.056	2250	Marine Exchange of Puget Sound	C130082FED-PSG2	285,852
97.056	2250	Seattle Police Dept	C140432FED-FLR3	561,364
97.061	3600	KANSAS STATE UNIVERSITY	S11198.03 MOD03	18,480
97.061	3650	NORTHEASTERN UNIV	504928P0902320	38,698
97.061	3650	NORTHEASTERN UNIV	50503678050	28,964
97.065	3650	BRIGHAM YOUNG UNIV NON FED	130389	1,114
97.067	2250	Clallum County Sheriff's Office	C130620FED-SG82	5,521
97.067	2250	Clallum County Sheriff's Office	C140346FED-SG83	10,924
97.077	3650	FISK UNIVERSITY	WSU001066	275,715
98.000	3650	KICKSTART INTL INC	GUAR29490475	12,570
98.000	3650	MI ST UNIV	RC102095	89,019
98.000	3650	PURDUE UNIV	410600008000044906	41,017
98.000	3650	ROOTS OF PEACE	ROPAGREDSUB120003	461,021
98.001	3600	MANAGEMENT SCIENCES FOR HEALTH, INC.	A197201103ITECHMOD07	73,940
98.001	3600	MANAGEMENT SCIENCES FOR HEALTH, INC.	A197201103ITECHMOD09	538,147
98.001	3600	POPULATION COUNCIL	SH1211 AM01	103,711
98.001	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	00008193 AM02	271,708
98.001	3600	UNIVERSITY OF CALIFORNIA, SAN DIEGO	PO#S9000468	54,307
98.001	3600	WORLD WILDLIFE FUND	CT83 AM01	243,936
98.001	3650	IA ST UNIV FED FLOW	4044087D	-61
98.001	3650	VA TECH UNIV	42597619276	43,908
98.001	3800		557201-14-002	14,202
99.000	3600	CONFEDERATED TRIBES OF THE COLVILLE RESE	UW BUD# 661402	11,495
99.000	3600	DANA-FARBER CANCER INSTITUTE	2013HI314001APS6192921	14,779
99.000	3600	INTERNATIONAL COMPUTER SCIENCE INSTITUTE	PROJECT #802UW MOD05	216,348
99.000	3600	KITTELSON AND ASSOCIATES	UW BUD# 665888	43,843
99.000	3600	UNIVERSITY OF MINNESOTA, TWIN CITIES	CHECK#1010589084	3,616

**State of Washington**  
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*For the Year Ended  
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<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
99.999	3650	TRI CO ECONOMIC DEVELOPMENT DIST	TEDDWSUOGRD119414	7,479
99.999	6990	WDC - Snohomish County	None	46,436

**Total Pass-Through Funds** 171,668,889

**State of Washington**  
**Schedule of Expenditure of Federal Awards**  
**Note G:**  
**Supplemental Information for Pass-Through Federal Assistance**  
**(State as Subrecipient not included on the Schedule)**

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<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
17.258	540	Olympic Consortium WDC-1	7313, 7323, 7333	413,676
17.258	540	Pacific Mountain WDC	5044	153,334
17.258	540	Snohomish County WDC	6722, 6723	94,183
17.258	540	North Central WA WDC	7643, 7703	150,515
17.258	540	Spokane Area WDC	7813	292,227
17.258	699	Workforce Central	None	35,163
17.258	699	Skill source	SKS14	10,742
17.258	360	Workforce Development Council of Seattle	13/155-ACP	5,883
<b>17.258 Total</b>				<b>1,155,723</b>
17.259	540	North Central WA WDC	7713, 7753	108,045
<b>17.259 Total</b>				<b>108,045</b>
17.277	540	Olympic Consortium WDC	6532, 6542	3,305
17.277	540	Pacific Mountain WDC	5104, 5114	13,944
17.277	540	Snohomish County WDC	6743, 6791	38,637
17.277	540	Eastern WA Partnership WDC	2942, 2953	78,000
<b>17.277 Total</b>				<b>133,886</b>
17.278	540	Olympic Consortium WDC	6563, 6583, 7343, 7353, 7363	577,104
17.278	540	Pacific Mountain WDC	5054, 5064, 5074, 5084, 5094	536,450
17.278	540	Snohomish County WDC	6732, 6733	118,754
17.278	540	North Central WA WDC	7653, 7743	96,428
17.278	540	Eastern WA Partnership WDC	2923, 2924, 2933, 2934	434,141
17.278	540	Spokane Area WDC	7803	363,553
17.278	699	Workforce Central	None	281,631
17.278	699	Workforce Central	13-170-RRA	221,494
<b>17.278 Total</b>				<b>2,629,555</b>

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**Department of Agriculture**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	001	<p>Finding: The Department of Agriculture does not have adequate internal controls to ensure compliance with federal suspension and debarment requirements for the Food Distribution cluster.</p> <p>Questioned Costs: <u>CFDA#</u> 10.565 10.568 10.569</p> <p><u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: Effective with the new biennial contract period (July 1, 2015 – June 30, 2017) the federal suspension and debarment language will be added to each contract. In addition, program staff will check the federal Excluded Parties List system prior to the contract execution date. The contractor verification documentation will be maintained in each contract file.</p> <p>Staff will require each contractor to include suspension and debarment language in all lower tier agreements.</p> <p>All Food Assistance program staff will receive training and written instructions on federal suspension and debarment requirements by June 30, 2015.</p> <p>Completion Date: Estimated June 2015</p> <p>Agency Contact: Mark Johnson Department of Agriculture P.O. Box 42560 Olympia, WA 98504-2560 (360) 902-1986 <a href="mailto:mjohnson@agr.wa.gov">mjohnson@agr.wa.gov</a></p>	

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**Department of Agriculture**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	002	<p>Finding: The Department of Agriculture does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Food Distribution Cluster are filed correctly.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  10.565 \$0  10.568  10.569</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: By March 16, 2015, all Federal Funding Accountability and Transparency Act (FFATA) reportable amounts will be entered into the federal reporting system by the Food Assistance program staff. The program will submit all future FFATA reportable amounts within the established FFATA timeframes.</p> <p>By June 30, 2015, the Department will develop written reporting procedures that include a secondary review prior to reports being submitted. Applicable Food Assistance program staff will be trained on the new procedures</p> <p>Completion Date: Estimated June 2015</p> <p>Agency Contact: Mark Johnson  Department of Agriculture  P.O. Box 42560  Olympia, WA 98504-2560  (360) 902-1986  <a href="mailto:mjohnson@agr.wa.gov">mjohnson@agr.wa.gov</a></p>	

**State of Washington  
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**Recreation and Conservation Funding Board**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	003	<p>Finding: The Recreation and Conservation Office does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Pacific Coast Salmon Recovery Program are filed accurately.</p> <p>Questioned Costs: <u>CFDA#</u> 11.438 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: As of January 2015, the Office ceased including amounts passed through to other Washington state agencies in Accountability Act reports. Additionally, the policies and procedures have been updated to ensure Accountability Act reports are submitted accurately.</p> <p>Furthermore, the Office now contacts the Washington state agencies receiving grant funds from the Office to identify amounts passed through to subrecipients. If any amounts are passed through by any Washington state agencies to non-state agency subrecipients, the Office will include those subawards on the Accountability Act reports. This new process will impact reported awards as of January 2015.</p> <p>The condition noted in this finding was previously reported in finding 12-06. The original reported condition of not completing the reports has been corrected.</p> <p>Completion Date: March 2015</p> <p>Agency Contact: Mark Jarasitis Recreation and Conservation Funding Board PO Box 40917 Olympia, WA 98504-0917 (360) 902-3006 <a href="mailto:Mark.Jarasitis@rco.wa.gov">Mark.Jarasitis@rco.wa.gov</a></p>	

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**Military Department**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2014	004	Finding:	The Military Department did not maintain required documentation for payroll costs charged to the National Guard Program.				
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>12.401</td><td>\$66,924</td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	12.401	\$66,924
<u>CFDA#</u>	<u>Amount</u>						
12.401	\$66,924						
		Status:	Corrective action complete				
		Corrective Action:	<p>The manager identified in the finding revised all timesheets previously submitted to reflect the actual time worked on the grant. The manager continues to prepare timesheets for each pay period per agency policy, which are reviewed by the supervisor. This process will continue as long as the manager works on the grant.</p> <p>The current policy is very clear on when employees are to submit timesheets and the supervisors' responsibility to ensure timesheets are accurate and submitted timely. The Payroll Administrator reviews payroll reports on a quarterly basis to ensure timesheets or certificates are being submitted.</p> <p>The Department contacted the United States Property and Finance Office to determine if the state will be required to repay the questioned costs. It was determined that the federal government received the benefits of the time charged by the manager and that repayment of funds would not be required.</p>				
		Completion Date:	June 2014				
		Agency Contact:	Rich Shimizu Military Department Building #1: Headquarters Mailstop: TA-20 Tacoma, WA 98430-5032 (253) 512-7596 <a href="mailto:rich.shimizu@mil.wa.gov">rich.shimizu@mil.wa.gov</a>				



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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	005	<p><b>Finding:</b> The Department of Commerce does not have adequate internal controls to ensure HOME Investment Partnership program income is used before requesting federal cash draws.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 14.239 <u>Amount</u> \$0</p> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> The Department concurs with the finding. The current process has been evaluated and new procedures identified. The new process will be accomplished by having the Department's Accounting Office:</p> <ul style="list-style-type: none"> <li>• Develop and maintain a register showing the deposits made to the HOME program income account.</li> <li>• Identify the balance in the HOME program income account at a minimum of twice a month which will coincide with performing the federal draws.</li> <li>• Draw program income prior to drawing federal funds.</li> <li>• Require the approval of the federal draw and the HOME program income payment by the supervisor who oversees banking authorizations.</li> <li>• Require approval of the HOME program income account bank reconciliation by the accounting manager.</li> <li>• Update the desk manual for HOME program income and federal draws to include the process identified above.</li> </ul> <p>The Department has determined the interest earned on this account for fiscal year 2014 was \$101 and will work with the Federal granting agency with regard to its disposition.</p> <p>The conditions noted in this finding were previously reported in finding 2013-004 and 12-08.</p> <p><b>Completion Date:</b> Estimated April 2015</p>	

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	005 (Cont'd)	Agency Contact: Shanna-Mae Cullen-Oden Department of Commerce PO Box 42525 Olympia, WA 98504-2525 (360) 725-4030 <a href="mailto:Shanna-Mae.Cullen-Oden@commerce.wa.gov">Shanna-Mae.Cullen-Oden@commerce.wa.gov</a>

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**Department of Commerce**

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2014	006	Finding:	The Department of Commerce does not have adequate internal controls to ensure subrecipients spending \$500,000 or more in total federal dollars obtain audits as required.												
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>14.239</td><td>\$0</td></tr><tr><td>16.575</td><td></td></tr><tr><td>66.468</td><td></td></tr><tr><td>93.568</td><td></td></tr><tr><td>93.569</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	14.239	\$0	16.575		66.468		93.568		93.569	
		<u>CFDA#</u>	<u>Amount</u>												
		14.239	\$0												
		16.575													
		66.468													
93.568															
93.569															
Status:	Corrective action in progress														
Corrective Action:	<p>The Department concurs with the finding. The fiscal year 2014 audit recommends the Department ensure that its existing audit policy and procedures are clearly communicated, understood, and followed by staff. The Department is currently drafting new policies and procedures to articulate roles and responsibilities for the processes. After new policies and procedures are finalized, the Department will communicate to all levels of the agency.</p> <p>During fiscal year 2014, the Department began a process of identifying and contacting subrecipients that received less than \$500,000 from the Department and may have received federal funding from other sources. At the time of this audit, the process was not fully implemented. The Department will continue to enhance and implement a process to help ensure the Department identifies and obtains the required audit reports. Specifically, the Internal Auditor will work with program areas to identify a proactive approach to identify subrecipients that received less than \$500,000 from the Department and may have received federal funding from other sources. Once identified, the Internal Auditor and program areas will follow-up with subrecipients to ensure they submit their required audits to the Department. Audits will be filed using the Department’s Contract Management System.</p> <p>The conditions noted in this finding were previously reported in finding 2013-003, 12-09 and 11-10.</p>														
Completion Date:	Estimated April 2015														

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	006 (Cont'd)	Agency Contact: Shanna-Mae Cullen-Oden Department of Commerce PO Box 42525 Olympia, WA 98504-2525 (360) 725-4030 <a href="mailto:Shanna-Mae.Cullen-Oden@commerce.wa.gov">Shanna-Mae.Cullen-Oden@commerce.wa.gov</a>

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	007	<p>Finding: The Department of Commerce does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Crime Victim Assistance Program are filed accurately.</p> <p>Questioned Costs: <u>CFDA#</u> 16.575 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding. The Department is drafting new policies and procedures to ensure all Federal Funding Accountability and Transparency Act reports are submitted properly and timely.</p> <p>The program has established a new process to include a secondary review. Administrative support staff enters the information into the Federal Funding Accountability and Transparency Subaward Reporting System and the program manager reviews and submits the report. In addition, the ability to enter the information in a timely manner is dependent on the grant being entered into the system by the federal grantor. When the program is unable to enter the information before the deadline, the program will document the inability to enter it with screen shots of the system and email correspondence with the federal program manager.</p> <p>The Department will also ensure that subawards made by other Washington state agencies are reported.</p> <p>Completion Date: Estimated May 2015</p> <p>Agency Contact: Shanna-Mae Cullen-Oden Department of Commerce PO Box 42525 Olympia, WA 98504-2525 (360) 725-4030 <a href="mailto:Shanna-Mae.Cullen-Oden@commerce.wa.gov">Shanna-Mae.Cullen-Oden@commerce.wa.gov</a></p>	

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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	008	<p><b>Finding:</b> The Employment Security Department does not have adequate internal controls to ensure transportation reimbursement payments to Trade Adjustment Assistance program participants are allowable and accurate.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 17.245 <u>Amount</u> \$1,544</p> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> The Department has made and continues to make the necessary improvements to ensure that the Trade Adjustment Assistance (TAA) program complies with federal program requirements, and that transportation payments to participants are accurate and allowable.</p> <p>As of February 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Implemented segregation of duties over the transportation payment process. Specifically, one individual enters the payment information and another individual reviews prior to providing it to the vendor payment unit.</li> <li>• Scans and maintains all payment supporting documentation in accordance with federal and state record retention guidelines.</li> </ul> <p>By April 2015, the Department will:</p> <ul style="list-style-type: none"> <li>• Establish written policies and procedures to address TAA program requirements, and state and federal laws and regulations related to retention requirements.</li> <li>• Create new internal control procedures that will be reviewed and monitored by management on an ongoing basis.</li> <li>• Contact the federal awarding agency, U.S. Department of Labor, to determine if the questioned costs need to be repaid.</li> </ul> <p><b>Completion Date:</b> Estimated April 2015</p> <p><b>Agency Contact:</b> Laura Scheel Employment Security Department PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:lscheel@esd.wa.gov">lscheel@esd.wa.gov</a></p>	

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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	009	<p><b>Finding:</b> The Employment Security Department does not have adequate internal controls to ensure only eligible participants of the Trade Adjustment Assistance program receive services and benefits.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 17.245 <u>Amount</u> \$0</p> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> The Department has made and continues to make the necessary improvements to ensure that the Trade Adjustment Assistance (TAA) program complies with federal program requirements, and that only eligible recipients receive services and benefits.</p> <p>As of February 2015, the Department:</p> <ul style="list-style-type: none"> <li>Implemented separation of duties over eligibility. Specifically, one employee determines the eligibility for benefits using the General Unemployment Insurance Design Effort system and a second employee enters the information into the participant management system.</li> <li>Increased managerial oversight, including a secondary review of information entered into the system, to ensure program compliance.</li> </ul> <p>By April 2015, the Department will:</p> <ul style="list-style-type: none"> <li>Develop new policies and procedures to include the TAA program eligibility requirements to ensure only eligible participants receive services and benefits.</li> <li>Create new internal control procedures that will be reviewed and monitored by management on an ongoing basis.</li> </ul> <p><b>Completion Date:</b> Estimated April 2015</p> <p><b>Agency Contact:</b> Laura Scheel Employment Security Department PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:lscheel@esd.wa.gov">lscheel@esd.wa.gov</a></p>	

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**Department of Transportation**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	010	<p>Finding: The Department of Transportation does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Highway Planning and Construction grant program are filed accurately.</p> <p>Questioned Costs: <u>CFDA#</u>  20.205  20.205A  20.219  23.003</p> <p><u>Amount</u>  \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: As indicated in the finding, the Department reported 455 Federal-aid contracts which should not have been reported under the Federal Funding Accountability and Transparency Act (FFATA). Since being informed of this situation, the Department has discontinued reporting these Federal-aid contracts not sub-awarded to other local governments or entities. In addition, the Department's office responsible for tracking these Federal-aid contracts will confer with the grantor and document the decisions should questions on proper FFATA reporting arise. Given the lack of clarity in FFATA reporting requirements when they first took effect, the Department chose to report all Federal-aid contracts presuming reporting would serve the taxpayers better than having not reported these contracts.</p> <p>Given the method that Federal-aid sub-award contracts must be entered into the Federal Sub-Award Reporting System (FSRS), a secondary review is not practical; however, the Department has put a compensating control in place to ensure the accuracy of FFATA reports.</p> <p>Completion Date: December 2014</p> <p>Agency Contact: Jesse Daniels  Department of Transportation  PO Box 47320  Olympia, WA 98504-7320  (360) 705-7035  <a href="mailto:jesse.daniels@wsdot.wa.gov">jesse.daniels@wsdot.wa.gov</a></p>	



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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	011	<p>Finding: The Department of Health does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Drinking Water State Revolving Fund are filed correctly.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>  Costs: 66.468 \$0  66.483</p> <p>Status: Corrective action complete</p> <p>Corrective Action: In January 2015, the Department amended the Federal Funding Accountability and Transparency Act (FFATA) reporting for grant award #FS99083913, adding \$1,213,090 in sub-awards.</p> <p>Additionally, the Department revised its written FFATA reporting procedures for the Drinking Water State Revolving Fund grants. These revised procedures include a secondary review conducted by the Finance Director after receiving the information from the Department of Commerce.</p> <p>Once the secondary review is complete, the reports are forwarded to the Central Administration Grants Unit for input into the Federal FFATA reporting system.</p> <p>The FFATA input is reviewed and approved by a Grants Unit Supervisor prior to submittal to the Federal FFATA reporting system.</p> <p>Completion Date: January 2015</p> <p>Agency Contact: Lynda Karseboom  Department of Health  PO Box 47890  Olympia, WA 98504-7890  (360) 236-4536  <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>	

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**Workforce Training and Education Coordination Board**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	012	<p>Finding: The Workforce Training and Education Coordinating Board did not have adequate internal controls to ensure it meets federal level of effort requirements for the Career and Technical Education Grant.</p> <p>Questioned Costs: <u>CFDA#</u> 84.048 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Board in coordination with the State Board for Community and Technical Colleges (SBCTC) and the Office of the Superintendent for Public Instruction (OSPI) will establish an attainable administrative level of effort tracking process that leaves ample time for corrective action if needed. The expected review will be no less than twice a year. Written policies and procedures documenting this process will be developed in consultation with SBCTC and OSPI.</p> <p>Completion Date: Estimated June 2015</p> <p>Agency Contact: Glena Red Elk Workforce Training &amp; Education Coordinating Board PO Box 43105 Olympia, WA 98504-3105 (360) 709-4620 <a href="mailto:glena.redelk@wtb.wa.gov">glena.redelk@wtb.wa.gov</a></p>	

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**Workforce Training and Education Coordination Board**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	013	<p>Finding: The Workforce Training and Education Coordinating Board does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed.</p> <p>Questioned Costs: <u>CFDA#</u> 84.048 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: As of December 2014, the Board began coordinating the collection of Federal Funding Accountability and Transparency Act (FFATA) reportable data with its secondary award recipient the Office of the Superintendent of Public Instruction (OSPI). OSPI agreed to report all awards passed through to non-state agency subrecipients greater than \$25,000 to the Board. The Board will enter the data for each subrecipient award into the FFATA Subaward Reporting System (FSRS) as required under the terms and conditions of the grant as soon as an award reaches the \$25,000 threshold. Each grant and contract received by the Board will be reviewed by the Chief Financial Officer and the assigned Program Manager, prior to acceptance. Written policies and procedures to ensure all terms and conditions of each award and contract are met are currently being developed and are expected to be completed and implemented by June 30, 2015.</p> <p>Completion Date: Estimated June 2015</p> <p>Agency Contact: Glenna Red Elk Workforce Training &amp; Education Coordinating Board PO Box 43105 Olympia, WA 98504-3105 (360) 709-4620 <a href="mailto:glenna.redelk@wtb.wa.gov">glenna.redelk@wtb.wa.gov</a></p>	

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	014	<p><b>Finding:</b> The Department of Early Learning did not have adequate internal controls to ensure subrecipients that spend \$500,000 or more in federal dollars obtain required audits.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 84.412 <u>Amount</u> \$0</p> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> The Department continues to strengthen the subrecipient monitoring policies and procedures for identifying grantees who may meet the threshold for A-133 audit requirements. To address the finding the Department is working on adding additional functionality in the Integrated Contact Information System to assist in tracking subrecipients of federal funds who require an A-133 audit. In addition, the Department will also contact grantees whose level of funding from the Department falls under the threshold requiring an audit, but may receive federal funds from other sources. The Department will establish a process for communicating audit report due dates to subrecipients. All communications will be tracked by program staff and the federal grants manager in the finance division.</p> <p>The Department will provide training to all grants program staff and finance staff on the policies and procedures for subrecipient A-133 audit compliance. Any new requirements will be properly communicated with applicable agency staff. The federal grants manager is responsible for the A-133 audit compliance and will provide quarterly reports to the internal control officer updating the status of A-133 audit compliance and tracking, staff training, and any policy and procedure changes.</p> <p><b>Completion Date:</b> Estimated June 2015</p> <p><b>Agency Contact:</b> Mike Steenhout Department of Early Learning PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>	

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	015	<p>Finding: The Department of Early Learning does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed accurately for the Race to the Top-Early Learning Challenge and Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting programs.</p> <p>Questioned Costs: <u>CFDA#</u> 84.412 93.505</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department continues to strengthen internal policies and procedures to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements. These policies and procedures include internal controls over proper reporting, accuracy of the data, and dual reviews of all reports before submission. Starting in January 2015, the Department updated the FFATA reporting process to include maintaining monthly Integrated Contact Information System reports of contracts and a PDF copy of the FFATA report filed for each grant.</p> <p>Completion Date: February 2015</p> <p>Agency Contact: Mike Steenhout Department of Early Learning PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>	<p><u>Amount</u> \$0</p>

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	016	<p>Finding: The Department of Health does not have adequate internal controls to ensure it meets federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.</p> <p>Questioned Costs: <u>CFDA#</u> 93.069 93.889</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding. The Department will establish and follow written policies and procedures for tracking, documenting, and reporting the level of effort.</p> <p>The Department will also consult with its federal grantor to determine the best method for how and when to provide notification in the event that the required level of effort will not be met.</p> <p>Once the Department has received guidance on this matter, it will also be included in the policies and procedures.</p> <p>The conditions noted in this finding were previously reported in finding 2013-012, 12-21, and 11-20.</p> <p>Completion Date: Estimated June 2015</p> <p>Agency Contact: Lynda Karseboom Department of Health PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>	<p><u>Amount</u> \$0</p>

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	017	<p><b>Finding:</b> The Department of Health does not have adequate internal controls over, and did not comply with, the Federal Funding Accountability and Transparency Act reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 93.069 93.889</p> <p><u>Amount</u> \$0</p> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> The Department began making improvements to FFATA reporting when this condition was identified in fiscal year 2013 Single Audit.</p> <p>Four subawards were not reported by the Department because the federal award did not appear in the Federal Funding Accountability and Transparency Act (FFATA) Subgrant Reporting System (FSRS). The federal awards have now been added to the FSRS by the federal awarding agency and the FFATA information submitted in FSRS.</p> <p>The one subaward over reported by \$591,000, was due to a data input error. An extra digit was inadvertently added to the subaward amount. This error was not identified prior to the report being submitted in FSRS.</p> <p>It is currently the practice of the Department for the Grants Unit Supervisor to review and approve FFATA data prior to submission in FSRS.</p> <p>The Department will continue making improvements by updating its written procedures for submitting FFATA reports by adding additional detail. The procedures will include the review and approval of FFATA data by the Grants Unit Supervisor prior to being submitted in FSRS and the necessary steps for ensuring all FFATA data is submitted in a timely manner.</p> <p>The conditions noted in this finding were previously reported in finding 2013-013.</p> <p><b>Completion Date:</b> Estimated June 2015</p>	

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	017 (Cont'd)	Agency Contact: Lynda Karseboom Department of Health PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a>



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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	018	<p>Finding: The Department of Social and Health Services does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Substance Abuse and Mental Health Services Projects of Regional Significance programs are filed accurately.</p> <p>Questioned Costs: <u>CFDA#</u> 93.243 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: By June 2015, the Department's Budget and Finance Director for the Behavioral Health and Service Integration Administration will:</p> <ul style="list-style-type: none"> <li>• Develop policies and procedures incorporating strong internal controls to collect information on each subaward or amendment of \$25,000 or more in federal funds and report in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System.</li> <li>• Develop and maintain a tracking methodology and validation procedure to ensure reports are submitted timely and properly completed in accordance with FFATA requirements.</li> </ul> <p>Completion Date: Estimated June 2015</p> <p>Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a></p>	

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	019	<p>Finding: The Department of Social and Health Services does not have adequate internal controls in place to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse and Substance Abuse and Mental Health Services Projects of Regional Significance programs receive required audits.</p> <p>Questioned Costs: <u>CFDA#</u> 93.243 93.959</p> <p><u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: By June 2015, the Department will:</p> <ul style="list-style-type: none"> <li>• Designate the appropriate staff to be responsible for the development and enforcement of a tracking system for subrecipient required audits and review of internal controls including findings if any.</li> <li>• Conduct follow-up telephone interviews or on-site visits with subrecipient contractors as appropriate when findings are reported to ensure corrective action plans are followed. Follow-up is documented in the subrecipient tracking system</li> <li>• Coordinate with the Department's Office of Indian Policy to make sure the 25 tribal subrecipients comply with audit requirements and properly report the federal funds they received from the Department of Social and Health Services.</li> </ul> <p>Completion Date: Estimated June 2015</p> <p>Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a></p>	

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2014	020	<p>Finding:</p> <p>The Department of Social and Health Services did not have adequate internal controls over, and was not compliant with, it's required collection of Data Universal Numbering System (DUNS) numbers from subrecipients under the Block Grants for Prevention and Treatment of Substance Abuse and Mental Health Services Projects of Regional Significance programs.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.243</td><td>\$0</td></tr><tr><td>93.959</td><td></td></tr></table> <p>Status:</p> <p>Corrective action in progress</p> <p>Corrective Action:</p> <p>By April 2015, the Department will:</p> <ul style="list-style-type: none"><li>• Develop policy, procedures and internal controls to obtain Data Universal Numbering System (DUNS) numbers from subrecipients prior to making subawards in accordance with 2 CFR, Appendix A to Part 25.</li><li>• Until a permanent change to the Department's contractor database is made, DUNS numbers will be recorded in the special terms and conditions of all applicable contracts.</li><li>• Develop the appropriate training and checklists to ensure all employees responsible for collecting and documenting DUNS numbers are aware of and comply with the 2 CFR, Appendix A to Part 25 requirements.</li><li>• Develop and maintain policies and procedures to monitor the collection of DUNS numbers and conduct random checks to ensure compliance.</li></ul> <p>Completion Date:</p> <p>Estimated April 2015</p> <p>Agency Contact:</p> <p>Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.243	\$0	93.959		
<u>CFDA#</u>	<u>Amount</u>								
93.243	\$0								
93.959									

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	021	<p><b>Finding:</b> The Department of Social and Health Services does not have adequate internal controls to ensure only eligible refugees receive Refugee Cash Assistance.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 93.566 <u>Amount</u> \$15,290</p> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> The Department concurs with this finding. The Department has taken or will take the following actions.</p> <p>In January 2015, an automated system was implemented to track employment referrals, and work and training activities for clients applying for Refugee Cash Assistance (RCA).</p> <p>By March 2015, the following will take place:</p> <ul style="list-style-type: none"> <li>• All staff who determine client eligibility for the RCA will be required to take annual refresher training. The training is meant to reinforce internal controls for proper enrollment in RCA.</li> <li>• Monthly, staff will receive a report listing new clients receiving RCA funds. Staff will be required to review the list to ensure eligibility was accurately determined for clients receiving assistance. Staff will be expected to take appropriate action if an error is discovered.</li> <li>• Staff who determine client eligibility will be trained on the new employment referral, and work and training activity tracking system.</li> </ul> <p>By April 2015, the Department will begin generating a monthly report to track the enrollment and participation of RCA clients. The assigned Program Manager will work with their supervisor to ensure clients are registered for employment or training programs. If clients are not enrolled in required programs, action will be taken to correct the situation.</p> <p>By June 2015, the Department will review 100 percent of clients who received RCA during the audit period to identify any additional cases with children who are under the age of 18 years and would otherwise be eligible to receive Temporary Assistance for Needy Families benefits. All cases found in error will be corrected.</p> <p>If the Department of Health and Human Services contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p>	

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**State of Washington  
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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	021 (Cont'd)	Completion Date: Estimated June 2015  Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2014	022	Finding:	The Department of Social and Health Services improperly charged grant expenditures prior to the start of the grant’s period of availability.				
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.556</td><td>\$54,377</td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.556	\$54,377
		<u>CFDA#</u>	<u>Amount</u>				
		93.556	\$54,377				
		Status:	Corrective action in progress				
		Corrective Action:	The Department does not concur with this finding. The Department will work with the federal granting agency to obtain clarification on the issues identified in the finding.				
Completion Date:	Estimated July 2015						
Agency Contact:	Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a>						

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**Department of Early Learning**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2014	023	<p>Finding:</p>	<p>The Department of Early Learning does not have adequate internal controls over payments to child care providers for the Child Care and Development Fund program.</p>						
		<p>Questioned Costs:</p>	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.575</td><td>\$0</td></tr><tr><td>93.596</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596	
<u>CFDA#</u>	<u>Amount</u>								
93.575	\$0								
93.596									
		<p>Status:</p>	<p>Corrective action in progress</p>						
		<p>Corrective Action:</p>	<p>The Department of Early Learning (the Department) and the Department of Social and Health Services (DSHS) continue to make consistent progress in actively auditing and recovering overpayments.</p> <p>In January 2012, the Working Connection Child Care (WCCC) subsidy audit team was created within the Department to meet federal internal control requirements of the WCCC subsidy program. The team started with four Quality Assurance (QA) specialists and one lead worker. In December 2013, the team hired three new QA specialists. From February 2014 through May 2014, the Department had two QA specialists dedicated to the Federal Improper Payment Audit.</p> <p>Prior to the start of this audit, the DSHS Office of Financial Recovery (OFR), the DSHS Office of Fraud and Accountability (OFA), and the Department agreed to implement improved overpayment processes which focus on using an existing but underutilized vendor overpayment system. As of December 2014, the Department has completed all planned audits for audit months earlier than January 2014. Audit months January-September 2014 were completed by February 2015. Beginning in February 2015, the Department will select cases for audit based on a risk factor of cases older than 120 days where a provider has back billed.</p> <p>Starting in July 2014, the Department collaborated with DSHS on an interagency and interdivision Lean Six Sigma process improvement effort to address the high rate of overpayments the Department is currently experiencing. The effort includes mapping multiple related work processes to identify variables that may contribute to overpayments and identifying improvements that can be made to these processes that could help lower the rate of overpayments. As of December 2014, the Department is 80 percent finished with creating Lean process maps for all subsidy audit work processes and identifying areas for improvement.</p> <p>In 2012, the Washington State Legislature required the Department in</p>						

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	023 (Cont'd)	<p>coordination with DSHS to contract with an independent consultant to evaluate and recommend the optimum system for the eligibility determination process. The evaluation was required to include an analysis of lean management processes that, if adopted, could improve the cost effectiveness and delivery of eligibility determination.</p> <p>The Department contracted with the Aclara Group to provide an evaluation of the Child Care Subsidy Programs (CCSP) and develop recommendations for business process improvements. Aclara's final report was completed on October 31, 2012. The report identified 29 recommendations for improvement that span policy, business processes, and information technology supports. The Department is taking a structured project approach to address the report recommendations. The proposed project structure fosters a close partnership between the Department and DSHS to streamline and simplify CCSP policies and processes. The Department and DSHS formed 14 interagency workgroups to analyze these recommendations and implement those that would improve the program. As of December 2014, several recommendations have been implemented.</p> <p>In November 2014, the Department and DSHS formed a WCCC reframe workgroup designed to address the recent reauthorization of the Child Care Development Fund grant. Part of the scope of this work is to conduct a comprehensive analysis of billing and other child care provider requirements that have the potential to cause confusion or otherwise increase the risk of improper billing. The workgroup is slated to complete its work by the spring of 2015.</p> <p>In February 2015, the Department and DSHS formed a Child Care Audit Committee designed to address internal and external audit issues, and improve internal controls over client eligibility and direct payments to child care providers.</p> <p>In the most recent required Child Care Development Fund Program State Improper Payment Report submitted in July 2014, the Department reported that of 276 cases sampled, nine cases (3.3 percent of the total) had an improper payment error (overpayment or underpayment). The national improper payment error rate for this same time period was 5.7 percent, so the Department is well below this national average. The federal government requires a corrective action plan for state's exceeding 10 percent.</p> <p>The Department continues to take steps to improve the integrity of payments in the program and will be implementing a new process of selecting records for review based upon payment date rather than service date. This will allow the</p>



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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	023 (Cont'd)	<p>Department to review records within four months of payment and include all providers in the sample population. The Department will continue to audit records up to twelve months old in cases where providers back bill for a prior period. If the Department reviewed only very recent records as requested by the auditor, the population of records to review would be incomplete and providers could submit invoices for time periods that wouldn't be subject to audit, which would create a significant risk factor that could increase fraud. Also, the statute of limitations is three years for establishing an overpayment and the Department's reviews have historically been made within this timeframe.</p> <p>The condition noted in this finding was previously reported in finding 2013-016, 12-28, 11-23, 10-31, 09-12 and 08-13.</p> <p>Completion Date: Estimated December 2015</p> <p>Agency Contact: Mike Steenhout Department of Early Learning PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	024	<p><b>Finding:</b> The Department of Early Learning does not have adequate controls to ensure it draws Child Care and Development Fund program federal funds in accordance with the Cash Management Improvement Act.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 93.575 93.596</p> <p><u>Amount</u> \$0</p> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> The Department concurs with this finding. To address the weaknesses noted in the finding, the Department is taking the following steps to ensure draws of federal funds are in accordance with the Cash Management Improvement Act:</p> <ul style="list-style-type: none"> <li>• Actively documenting cash draw reporting procedures for grants.</li> <li>• Creating a shared calendar for the finance staff noting all draw due dates.</li> <li>• Providing cross training to other finance staff.</li> <li>• Establishing internal policies and procedures.</li> </ul> <p>These policies and procedures will include internal controls over draws including accuracy of data, and dual reviews before submission to the comptroller for approval.</p> <p><b>Completion Date:</b> Estimated April 2015</p> <p><b>Agency Contact:</b> Mike Steenhout Department of Early Learning PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>	

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	025	<p>Finding: The Department of Early Learning does not have sufficient internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Child Care and Development Fund program are filed accurately.</p> <p>Questioned Costs: <u>CFDA#</u> 93.575 93.596</p> <p><u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The findings of this audit concluded that additional guidelines provided in OMB Circular A-133 indicate that transfers of federal awards to another component of the same awardee do not constitute a subrecipient or vendor relationship. Since this condition was raised by the auditor, the Department is no longer reporting the Department of Social and Health Services (DSHS) as a subrecipient.</p> <p>The Department continues to strengthen internal policies and procedures to ensure compliance with the Federal Funding Accountability and Transparency Act reporting requirements. These policies and procedures include internal controls over proper reporting, accuracy of the data, and dual reviews of all reports before submission.</p> <p>The condition noted in this finding was previously reported in finding 2013-015.</p> <p>Completion Date: December 2014</p> <p>Agency Contact: Mike Steenhout Department of Early Learning PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>	

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	026	<p><b>Finding:</b> The Department of Social and Health Services does not have adequate internal controls over client eligibility for the Child Care Development Fund.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> <u>Amount</u>  93.575 \$0  93.596</p> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> The Department of Social and Health Services (the Department) and the Department of Early Learning (DEL) have taken and completed the following actions:</p> <p>The Department implemented the following monitoring protocols to establish an appropriate separation of duties between staff who determine eligibility and staff who authorize payments, specifically:</p> <ul style="list-style-type: none"> <li>Regional staff review an integrity report quarterly, which identifies cases where the same staff member has authorized four or more payments in a 15 month period without authorization activity from other staff. To date, the report has not identified any cases resulting in a finding of improper authorization activities.</li> <li>A separation of duties protocol has been instituted that does not allow a staff member who activates a license-exempt provider to make any payment authorizations for that provider. In this situation another staff member must authorize the payment to the license-exempt provider. This electronic process reduces the potential for fraudulent payment authorizations.</li> </ul> <p>DEL is working to build an electronic child care subsidy system for Working Connections Child Care and Seasonal Child Care subsidy attendance and billing that will interface with the eligibility system. This system will be called the Attendance, Billing and Child Care Subsidy System (ABCS). ABCS has two major components: the authorization interface (AI) and the attendance and payment (AP) function.</p> <p>The purpose of ABCS is to reduce errors in subsidy payments through a single cohesive subsidy system. Most child care providers currently keep attendance records on paper and dial in their invoice via phone. State child care eligibility workers use multiple systems to determine eligibility and make payments. The current way of doing business offers many chances for errors and overpayments.</p> <p>The AI component is currently under development and is expected to be</p>	

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	026 (cont'd)	<p>completed in December 2015, then connected to the AP component by July 2016.</p> <p>The Department and DEL will implement the following child care program reform initiatives*:</p> <ul style="list-style-type: none"> <li>• By March 2015, the Department will simplify and streamline child care verification requirements at the time of application, through certification period, and at recertification. The Department will update the Child Care Subsidy Program Handbook and will notify Community Services Division staff regarding the changes.</li> <li>• By June 2015, the Working Connections Automated Program screens, which is part of the eligibility system, will be updated so they are more user friendly and provide more accuracy in the eligibility determination process.</li> </ul> <p><i>*These child care program reform initiatives are part of the Aclara Reform Project. The Aclara Reform Project is co-sponsored by the Department and DEL in response to an external child care program review requested by the Legislature and performed by the Aclara Group.</i></p> <p>The Department is continuing to perform the following child care authorization audits:</p> <ul style="list-style-type: none"> <li>• 1.6 percent of open authorizations are audited monthly.</li> <li>• 100 percent of exceptional payment authorizations are audited to ensure they are reviewed and approved by a supervisor before payments are made. An example of an exceptional payment is when a child requires, and is authorized for, more than 230 hours of care per month due to extenuating circumstances such as a parent with multiple approved activities (school and work, etc.).</li> <li>• 100 percent of preauthorization and post authorization work for all new child care workers are audited.</li> <li>• Data is provided monthly by the Health Care Authority which identifies error prone cases to audit for eligibility and areas where policy clarification, training, or systems support can increase accuracy.</li> </ul> <p>DEL established a specialized child care audit team January 1, 2012. The audit team is tasked with reviewing time and attendance records and provider payments. DEL hired five additional auditors in January 2013, increasing the audit team to nine members. The audit team has increased the population of authorized payments reviewed for payment and billing accuracy.</p> <p>The conditions noted in this finding were previously reported in finding 2013-017, and 12-30.</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	026 (cont'd)	Completion Date: Estimated June 2015  Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	027	<p><b>Finding:</b> The Department does not have adequate internal controls over, and was not compliant with, foster care payment rate setting and application requirements for the Foster Care program.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 93.658 <u>Amount</u> \$0</p> <p><b>Status:</b> The Department did not concur with this finding. No corrective action taken.</p> <p><b>Corrective Action:</b> The Department does not concur with this finding. The review of regular rate reviews and sufficiency required by the Office of Management and Budget (OMB) took place under guidance from the Administration for Children and Families (ACF) and is a new test as a part of the 2014 Statewide Single Audit. The Department's Children's Administration (CA) describes the approach to establish rates in its Title IV-E plan, which is approved every year by ACF. The mandate from ACF to review rates for sufficiency is very vague and no guidance regarding what constitutes is included. As a result, this audit represents the first time CA has received feedback that its approach is not compliant with federal regulations.</p> <p>CA's rate structure represents a child specific strategy that flexes with the needs of the child. Furthermore, the Department developed a process, adopted in the administrative code, for identifying the amount of time spent meeting the needs for care and supervision of each child. Combined, these steps work in tandem to create sufficient rates for each foster child. Therefore the required review of the rate is met every time the Department sets a rate for a child and provides additional ad hoc services.</p> <p>In addition, statewide processes and economic conditions hampered CA's ability to conduct system-wide reviews of the foster care maintenance rate. Specifically, the repeal of the Governor's Vendor Rate committee, deep economic recession, and the Foster Parent Association of Washington (FPAWS) lawsuit essentially eliminated what little discretion or authority CA had for the consideration of rates.</p> <p>CA has a potential resolution that may address the concern specifically identified by the audit related to a proposed negotiated settlement of the FPAWS case. Under the negotiated settlement, CA undertook an economic analysis of rates and negotiated new foster care rates and an accompanying methodology that gives structure to a potential process to update rates. However, again, due to lack of clarity of the federal requirement it is unclear whether this settlement would represent compliance from the federal</p>	

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**Department of Social and Health Services**

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2014	027 (cont'd)	<p>perspective. Nevertheless it does contain a potential mechanism for a "review" of foster care rates.</p> <p>Completion Date: N/A</p> <p>Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a></p>



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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	028	<p>Finding: The Department of Health did not ensure Medicaid hospital and home health agency surveys were performed in accordance with the frequency required by state and federal laws.</p> <p>Questioned Costs: <u>CFDA#</u>  93.775  93.777  93.778 ARRA and non-ARRA</p> <p><u>Amount</u>  \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding. In an effort to meet federal requirements, the Department went through a hospital survey Lean process to help improve administrative processing and develop surveyor worksheets designed to create a more focused survey approach and concentrate on infection control, quality assurance, performance improvement and care continuity (transitions in care).</p> <p>Both the hospital and home health agency (HHA) programs implemented improved scheduling practices that assured each facility type adhered to their respective survey timelines.</p> <p>The workload for end stage renal dialysis (ESRD) was such that the Department determined the need to create a survey team specific for this facility type. Two nurse surveyors and a public health advisor were hired to focus on the ESRD work and remove the impact that this workload had on the hospital survey schedule. This allowed the hospital team to work exclusively with hospitals.</p> <p>The Department will also be hiring a manager to work specifically with the HHA surveyors to maintain current progress and push toward 100 percent compliance. Both the hospital and HHA survey managers will work with the accrediting organization to ensure continued coordination and ensure surveys are completed within prescribed timelines.</p> <p>All efforts described above are ongoing and have led to improvements in compliance over last fiscal year. The Facilities Survey and Inspection Executive Director will ensure all activities described above continue.</p> <p>The condition noted in this finding was previously reported in finding 2013-019, 12-33 and 11-25.</p>	

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	028 (Cont'd)	Completion Date: Estimated December 2017  Agency Contact: Lynda Karseboom Department of Health PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a>

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	029	<p>Finding: The Health Care Authority did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$66,503  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: As of February 2014, the Authority has followed up on all 183 clients and has either closed their coverage or updated the case with the correct Social Security number.</p> <p>As of February 2014, staff follow the Authority's verification process that aligns with Center for Medicare and Medicaid Services guidance and also ensures follow-up on missing or unmatched Social Security numbers.</p> <p>The Authority will ensure that the U.S. Department of Health and Human Services receives a copy of this finding as soon as it is published so that they may begin their process to recover questioned costs.</p> <p>Completion Date: March 2015</p> <p>Agency Contact: Kathy E. Smith  State Health Care Authority  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	030	<p>Finding: The Health Care Authority improperly claimed federal reimbursement for non-emergency services provided to nonqualified aliens and for payments made on behalf of deceased Medicaid clients.</p> <p>Questioned Costs: <u>CFDA#</u>  93.775  93.777  93.778 ARRA and non-ARRA</p> <p><u>Amount</u>  \$417,979</p> <p>Status: Corrective action complete</p> <p>Corrective Action: As of February 2015, the Authority reviewed all payments identified by the auditor as paid on behalf of deceased persons, and is proceeding with recoupment of those claims.</p> <p>The Authority will continue regular matches to the Department of Health death data and will continue to refine the processes to capture this information for timely recoveries.</p> <p>The Authority has reviewed and corrected the services improperly rendered for nonqualified aliens which were identified by the auditor. The Authority has refined processes to avoid these approvals, and implemented processes to review alien emergency medical claims timely to ensure all cases of inappropriate payment are corrected. These processes were completed February 2015.</p> <p>The Authority will ensure that the U.S. Department of Health and Human Services receives a copy of this finding as soon as it is published so that they may begin their process to recover questioned costs.</p> <p>Completion Date: March 2015</p> <p>Agency Contact: Kathy E. Smith  State Health Care Authority  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	

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**State Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2014	031	Finding:	The Health Care Authority did not seek reimbursement for all eligible Medicaid outpatient drug rebate claims.								
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$225,439</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$225,439	93.777		93.778 ARRA and non-ARRA	
		<u>CFDA#</u>	<u>Amount</u>								
		93.775	\$225,439								
		93.777									
		93.778 ARRA and non-ARRA									
		Status:	Corrective action in progress								
		Corrective Action:	<p>Staff have identified the steps necessary to include Medicare crossover claims which are eligible for Medicaid drug rebate invoicing. The work is on schedule to begin testing in March 2015, with a target implementation date of May 2015.</p> <p>Currently, family planning providers’ claims for certain family planning drugs are excluded from drug rebate due to past system limitations. The Authority is developing an action plan to reverse the exclusion and notify impacted providers. The first phase of the reconfiguration will be implemented by May 2015, with final completion by December 2015.</p> <p>The exception noted related to other eligible professional and outpatient claims that were excluded. These were corrected by changing the timing of certain vendor claim payment interfaces.</p> <p>The Authority will ensure that the U.S. Department of Health and Human Services receives a copy of this finding as soon as it is published so that they may begin their process to recover questioned costs.</p>								
		Completion Date:	Estimated December 2015								
		Agency Contact:	Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a>								

**State of Washington  
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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	032	<p>Finding: The Health Care Authority made improper Medicaid inpatient high outlier payments to hospitals.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$78,049  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority has changed WAC 182-550-3700 (1)(b) and the payment system to align with the auditor's calculation methodology. Changes were effective July 1, 2014.</p> <p>The Authority has initiated action to correct the four high outlier payments identified by the auditor that were paid with an incorrect Diagnosis-Related Group conversion factor. This correction is expected to be completed by May 1, 2015.</p> <p>The Authority has reallocated the inpatient program workload in order to allow additional capacity for monitoring system and rate changes. All changes are now reviewed by Authority staff for accuracy.</p> <p>The Authority will ensure that the U.S. Department of Health and Human Services receives a copy of this finding as soon as it is published so that they may begin their process to recover any questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2013-023.</p> <p>Completion Date: Estimated May 2015</p> <p>Agency Contact: Kathy E. Smith  State Health Care Authority  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	033	<p>Finding: The Health Care Authority made overpayments to providers for Medicaid dental services.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$336,999  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Authority has revised Washington Administrative Code (WAC) 182-535-1082 to clarify when fluoride treatments will be covered, and has also revised WAC 182-535-1080 to clarify when comprehensive and periodic oral evaluations are covered. These changes were effective May 1, 2014. The WACs are now consistent with the State Plan and the Medicaid Provider Guide.</p> <p>The Authority has updated the automated controls in the ProviderOne payment system to incorporate edits needed to ensure payments are made consistent with state rules and the Medicaid State Plan. These system edits will prevent payments when the allowable number of comprehensive or periodic oral evaluations has been exceeded.</p> <p>The Authority will ensure that the U.S. Department of Health and Human Services receives a copy of this finding as soon as it is published so that they may begin their process to recover questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2013-027.</p> <p>Completion Date: February 2015</p> <p>Agency Contact: Kathy E. Smith  State Health Care Authority  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	034	<p>Finding: State law requiring Medicaid data exchanges with health insurers is not being followed.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u></p> <p>Costs: 93.775 \$0</p> <p>93.777</p> <p>93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: Since February 2011, the Authority has contracted with Health Management System Inc. (HMS) to provide supplemental identification of third party liability (TPL) insurers not previously identified. HMS leverages their expansive carrier network to match Medicaid data with third party coverage; their National Eligibility Database contains over one billion health insurance coverage records, including more than 5.4 million, or 89 percent, of Washington residents. The contract with HMS supplements the Authority's data matching capabilities and further ensures compliance with applicable state law.</p> <p>The Authority implemented the Payer Initiate Eligibility/Benefit Transaction in July 2013, and is actively working with three major insurers in Washington to participate in electronic sharing of TPL data.</p> <p>The Authority will contact the Office of Insurance Commissioner and the Office of Financial Management to discuss options for enhancing direct insurer participation.</p> <p>The conditions noted in this finding were previously reported in finding 2013-020, 12-49, 11-38, 10-40, 09-19 and 08-25.</p> <p>Completion Date: Estimated December 2015</p> <p>Agency Contact: Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	



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**State Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2014	035	Finding:	The Health Care Authority did not properly calculate a Medicaid Electronic Health Record incentive payment.								
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$0</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$0	93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$0										
93.777											
93.778 ARRA and non-ARRA											
		Status:	Corrective action complete								
		Corrective Action:	Hospital payouts occur over a four year period. When this issue was identified by the auditors, the hospital identified in the finding had not yet received its final payment. The calculation was revised and the correct payment to the hospital was made in February 2015, when the final payment of the four year period was due.								
		Completion Date:	February 2015								
		Agency Contact:	Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a>								

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	036	<p>Finding: The Health Care Authority made improper payments to Medicaid Federally Qualified Health Center providers.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$104,488  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority's Office of Medicaid Systems and Data is finalizing system updates that will help prevent overpayments. The system edits are complex but, once implemented, will eliminate paying fee-for-service claims in addition to encounter payments, and paying for ineligible encounter claims. The Authority anticipates that the system changes will take effect in June 2015.</p> <p>The third exception noted in the finding, paying for more than one encounter payment for the same client, was an isolated issue not related to a system-wide defect. That issue has also been corrected, and as of February 2015 the associated overpayment of \$4,188.07 has been collected.</p> <p>By June 2015, the Authority will initiate action through the Office of Payment Integrity to recoup the remaining payments made in error that were discovered in this audit.</p> <p>The Authority will ensure that the U.S. Department of Health and Human Services receives a copy of this finding as soon as it is published so that they may begin their process to recover questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2013-026 and 12-45.</p> <p>Completion Date: Estimated June 2015</p> <p>Agency Contact: Kathy E. Smith  State Health Care Authority  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	037	<p>Finding: The Health Care Authority improperly claimed Children's Health Insurance Program federal funds for eligible Medicaid expenditures.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$17,397  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: With the implementation of the Affordable Care Act (ACA) in October 2014, Children's Health Insurance Program eligibility is now determined in accordance with ACA rules. Specifically, the Authority has a new eligibility service which corrected the issue identified in the finding by no longer rounding down income determinations.</p> <p>The Authority will ensure that the U.S. Department of Health and Human Services receives a copy of this finding as soon as it is published so that they may begin their process to recover the remaining \$10,969 in questioned costs.</p> <p>The Authority has returned the \$6,428 in overdrawn funds noted in the finding to the federal government.</p> <p>Completion Date: March 2014</p> <p>Agency Contact: Kathy E. Smith  State Health Care Authority  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	038	<p>Finding: The Health Care Authority did not have adequate controls in place to ensure all Medicaid critical access hospitals were paid accurately.</p> <p>Questioned Costs: <u>CFDA#</u>  93.775  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: In May 2014, the Authority hired an employee to work on final settlements. All 98 settlements identified in this audit were completed before December 31, 2014. In addition, 23 hospitals not identified in this audit had final settlements completed by December 31, 2014.</p> <p>The Authority also took the following actions to strengthen internal controls to ensure all Critical Access Hospitals' (CAH) costs are settled timely:</p> <ul style="list-style-type: none"> <li>• CAH program staff now review the federal Hospital Cost Report Information System for finalized cost reports on a monthly basis and initiate the reports for final settlement.</li> <li>• The CAH settlement process was revamped to ensure efficient and accurate final settlements.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2013-021.</p> <p>Completion Date: December 2014</p> <p>Agency Contact: Kathy E. Smith  State Health Care Authority  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<p><u>Amount</u>  \$0</p>

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**State Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2014	039	Finding:	The Health Care Authority did not have adequate controls in place to investigate Medicaid services verification surveys returned in a foreign language.								
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$0</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$0	93.777		93.778 ARRA and non-ARRA	
		<u>CFDA#</u>	<u>Amount</u>								
		93.775	\$0								
		93.777									
		93.778 ARRA and non-ARRA									
		Status:	Corrective action complete								
Corrective Action:	<p>The Authority acknowledges the lack of oversight of following up on returned medical surveys written in a foreign language, and has now made arrangements to use professional translation services to follow up on negative survey responses written in a foreign language.</p> <p>The conditions noted in this finding were previously reported in finding 2013-031, 12-54 and 11-39.</p>										
Completion Date:	February 2015										
Agency Contact:	Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a>										

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	040	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not pay Medicaid supported living providers at authorized daily rates.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$147  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding. The Department has taken action or put processes in place to ensure supported living providers are paid at authorized rates.</p> <p>Beginning in July 2014, the Department strengthened its reconciliation process by adding more frequent reviews of provider payments by rate analysts.</p> <p>In January 2015, the Department converted to the ProviderOne payment system from the Social Service Payment System for processing payments to providers. This new process and payment system does not allow payment of two authorizations for the same client/provider location combination. The payment error that was made and discovered during this audit will not be possible with the new payment system.</p> <p>Overpayments are established for incorrect rate payments that are identified. Overpayments are referred to the Office of Financial Recovery. This was the case with the overpayment identified during the audit. Should the Department of Health and Human Services contact the Department about the overpayment in this audit, the Department will take the action requested.</p> <p>The condition noted in this finding was previously reported in finding 2013-039.</p> <p>Completion Date: January 2015</p>	

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	040 (cont'd)	Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2014	041	<p>Finding:</p> <p>The Department of Social and Health Services, Developmental Disabilities Administration, does not have adequate internal controls to ensure cost of care adjustments paid to Medicaid supported living service providers are authorized, supported and reasonable.</p> <p>Questioned Costs:</p> <table><thead><tr><th>CFDA#</th><th>Amount</th></tr></thead><tbody><tr><td>93.775</td><td>\$0</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></tbody></table> <p>Status:</p> <p>Corrective action complete</p> <p>Corrective Action:</p> <p>The Department has developed several corrective actions in response to this finding.</p> <p>In April 2014, the Department:</p> <ul style="list-style-type: none"><li>Updated the cost of care adjustment (COCA) form. It now incorporates guidelines to ensure COCAs are accurate, supported and reasonable. For example, the form was modified to include a section for justifying the need for the COCA. This new addition to the form helps provide staff additional information for making the decision to approve or deny payment.</li><li>Informed staff and providers about the updated guidelines.</li></ul> <p>In June 2014, the Department:</p> <ul style="list-style-type: none"><li>Trained the residential resource managers on the updated guidelines for processing COCAs.</li><li>Reviewed updated information with contracted providers at the regional quarterly provider meetings.</li></ul> <p>In October 2014, the updated COCA form was implemented. Additionally, the Department’s Resource Manager Administrator will continue to provide training on COCA justification and decision making in addition to providing training to agency providers as needed.</p> <p>The conditions noted in this finding were previously reported in finding 2013-038.</p> <p>Completion Date:</p>	CFDA#	Amount	93.775	\$0	93.777		93.778 ARRA and non-ARRA		February 2015
CFDA#	Amount										
93.775	\$0										
93.777											
93.778 ARRA and non-ARRA											



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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	041 (cont'd)	Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2014	042	Finding:	The Department of Social and Health Services, Developmental Disabilities Administration did not have adequate controls to ensure Medicaid payments to supported living service providers are allowable.								
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$50,054</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$50,054	93.777		93.778 ARRA and non-ARRA	
		<u>CFDA#</u>	<u>Amount</u>								
		93.775	\$50,054								
		93.777									
93.778 ARRA and non-ARRA											
Status:	Corrective action in progress										
Corrective Action:	<p>The Department does not concur with this finding. However, the following actions have been or will be taken to strengthen internal controls.</p> <p>An audit and review process began in October 2013 when the Department’s Developmental Disabilities Administration dedicated one full time employee to conducting audits of selected residential providers. The scope of these audits includes reconciling instruction and support service (ISS) hours provided by households to amounts billed and providing consultation and training to service providers related to the tracking / documenting of ISS hours. Twenty percent of the supported living providers are audited per year. Audits are scheduled to continue for the next two years.</p> <p>As of 2014, additional schedules were added to the cost report submitted by supported living providers to include ISS hours in a format reconcilable to payroll records.</p> <p>By July 2015, the Department will revise policies to clarify provider documentation requirements regarding payroll activities.</p> <p>By August 2015, the Department will reconcile the fiscal year 2014 cost reports from providers. Overpayments will be written if discovered during the cost report reconciliations. All overpayments are referred to the Department’s Office of Financial Recovery for processing. Any federal funds due are refunded to the Centers for Medicare &amp; Medicaid Services (CMS) through the Medicaid overpayment process and included on the CMS-64 report.</p> <p>By December 2015, the Department will train all supported living providers on the revised policies.</p> <p>The conditions noted in this finding were previously reported in finding 2013-036, and 12-39.</p>										

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	042 (Cont'd)	Completion Date: Estimated December 2015  Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	043	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration made overpayments to Medicaid supported living providers.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$75,818  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department issued overpayments for all exceptions identified in this audit. All overpayments were referred to the Department's Office of Financial Recovery (OFR) for processing. Any federal funds due are refunded to the Centers for Medicare &amp; Medicaid Services (CMS) through the Medicaid overpayment process and included on the CMS-64 report.</p> <p>During the spring of 2015 the state fiscal year end settlement process will take place. Any provider overpayments that are discovered during this process will be referred to OFR. The settlement process is scheduled to be completed by August 2015.</p> <p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>Completion Date: Estimated August 2015</p> <p>Agency Contact: Alan Siegel  Department of Social and Health Services  PO Box 45804  Olympia, WA 98504-5804  (360) 664-6027  <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a></p>	

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	044	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration made overpayments to Medicaid support living providers who did not ensure all staff with access to developmentally disabled clients receive a proper background check and are authorized to have access to vulnerable supported living clients.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$58,917  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: In response to the fiscal year 2013 audit the Department implemented the following corrective actions which continue to be utilized:</p> <ul style="list-style-type: none"> <li>• Providing ongoing training to Department employees and providers.</li> <li>• Dedicating a position in the Headquarters' office to provide direct support and consultation to providers on the interpretation of background check result letters.</li> <li>• Monitoring background check compliance through reviews conducted by the Enterprise Risk Management Office and Residential Care Services certification reviews.</li> <li>• Partnering with the background check unit to simplify result letters sent to providers and background check processes.</li> </ul> <p>By April 2015, the Department will resolve the outstanding exceptions identified during the course of the fiscal year 2014 audit.</p> <p>By July 2015, the Department will repay questioned costs for exceptions that could not be resolved.</p> <p>The conditions noted in this finding were previously reported in finding 2013-034.</p> <p>Completion Date: Estimated July 2015</p>	

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**Department of Social and Health Services**

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2014	044 (cont'd)	Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2014	045	Finding:	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not respond in a timely manner to complaints/allegations of abuse, neglect, exploitation, inadequate care or supervision in Medicaid residential facilities.								
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$0</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$0	93.777		93.778 ARRA and non-ARRA	
		<u>CFDA#</u>	<u>Amount</u>								
		93.775	\$0								
		93.777									
		93.778 ARRA and non-ARRA									
		Status:	Corrective action in progress								
		Corrective Action:	<p>The Department concurs with this finding. The Department has taken or will take the following actions to strengthen internal controls to ensure that all complaints are accounted for and responded to in a timely manner.</p> <p>In July 2014, the Department revised intake priorities to reflect federal and state timelines. In addition, registered nurses in the Complaint Resolution Unit (CRU) began reviewing all nursing home intakes. This is an ongoing process.</p> <p>In October 2014, the Department put in a request to update the automated system for Tracking Incidents of Vulnerable Adults to allow for a manual update of dates intakes are reviewed and referred to field staff. The Department anticipates this being implemented in July 2015.</p> <p>In January 2015, the CRU registered nurses began reviewing all intakes for Intermediate Care Facility for Individuals with Intellectual Disabilities.</p> <p>By June 2015, the Department will complete its review of existing procedures with the goal of developing procedures that streamline the complaint resolution process. Included in this review was a LEAN Value Stream Mapping that occurred in February 2015.</p> <p>By September 2015, the Department will within two working days respond to and initiate investigation of all complaints involving clients who are in immediate jeopardy of harm.</p> <p>The conditions noted in this finding were previously reported in finding 2013-033.</p>								
		Completion Date:	Estimated September 2015								

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**State of Washington  
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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	045 (cont'd)	Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a>



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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	046	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not complete surveys for Medicaid nursing home and intermediate care facilities for individuals with intellectual disabilities in a timely manner.</p> <p>Questioned Costs: <u>CFDA#</u> 93.775 93.777 93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department will schedule and monitor nursing home and intermediate care facilities for individuals with intellectual disabilities surveys to meet required standards. Delays in timely completion of nursing home surveys are due to staffing limitations. Steps have been taken to recruit additional staff. The request for additional staff has been included in the proposed budget. It is anticipated the staffing issue will be resolved in September 2015.</p> <p>By September 2015, the Department will implement a formal tracking process allowing for improved monitoring of statements of deficiencies and plans of corrections that result from surveys.</p> <p>Completion Date: Estimated September 2015</p> <p>Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a></p>	<p><u>Amount</u> \$0</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	047	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately document inspections of Medicaid Adult Family Home providers.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$0  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: By September 2015, the Department will:</p> <ul style="list-style-type: none"> <li>• Revise standard operating procedures to require inspection forms to be consistently used to document observations and findings during adult family home inspections.</li> <li>• Establish a policy and train adult family home licensors on inspection standard operating procedures including documentation requirements that support adult family home inspections.</li> <li>• Require field operators to conduct periodic quality assurance checks on required documentation and forms to verify that the process is being consistently adhered to.</li> <li>• Ensure adult family home quality assurance staff do a periodic review of a sample of provider files from each region to determine if required documentation was completed according to standard operating procedures.</li> </ul> <p>Completion Date: Estimated September 2015</p> <p>Agency Contact: Alan Siegel  Department of Social and Health Services  PO Box 45804  Olympia, WA 98504-5804  (360) 664-6027  <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a></p>	

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2014	048	Finding:	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Medicaid Adult Family Home providers to ensure all providers, caregivers and resident managers who are employed directly or by contract have proper background checks.								
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$1,082,213</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$1,082,213	93.777		93.778 ARRA and non-ARRA	
		<u>CFDA#</u>	<u>Amount</u>								
		93.775	\$1,082,213								
		93.777									
		93.778 ARRA and non-ARRA									
		Status:	Corrective action complete								
		Corrective Action:	<p>In response to the fiscal year 2013 audit the Department implemented several processes that continued through the fiscal year 2014 audit and remain ongoing.</p> <p>The Department is providing training to staff on standard operating procedures for inspections which includes reviewing background checks on all caregivers, representatives and resident managers who are employed directly or by contract.</p> <p>Additionally, the Department is continuing to strengthen its monitoring of Adult Family Home (AFH) staff background checks through the Department’s standard facility licensing, annual facility survey and investigatory business protocols. During AFH inspections, the Department reviews background checks for all employees working at the facility to ensure disqualified caregivers do not have access to vulnerable adults.</p> <p>The Department will take action on questioned costs as requested by Center for Medicare and Medicaid Services.</p> <p>The conditions noted in this finding were previously reported in finding 2013-037.</p>								
		Completion Date:	February 2015								
		Agency Contact:	Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a>								

**State of Washington  
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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	049	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, made unallowable payments to Medicaid providers who did not meet background check requirements for in home care providers.</p> <p>Questioned Costs: <u>CFDA#</u> 93.775 93.777 93.778 ARRA and non-ARRA</p> <p><u>Amount</u> \$257,875</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: Although a finding was issued for providers not having current background checks the Department has made significant progress ensuring providers have current background checks. The finding states, "The Department has improved the overall communication of Departmental policies and procedures to unit managers at AAA's that oversee provider contracts."</p> <p>The Department will continue in its efforts to ensure providers have current background checks. Specifically:</p> <p>By March 2015, the Department will:</p> <ul style="list-style-type: none"> <li>• Conduct a LEAN value stream map to identify improvements in the individual provider qualification process. This will include communication of background check results to providers.</li> <li>• Terminate payments to providers that do not have current background checks.</li> </ul> <p>By June 2015, the Department will:</p> <ul style="list-style-type: none"> <li>• Terminate contracts with providers who fail to comply with requests to have current background checks completed.</li> <li>• Consult with the Department of Health and Human Services regarding resolution of questioned costs.</li> </ul> <p>By January 2016, the Department's Home and Community Services Division will complete the work with the Department's Background Checks Central Unit on background check process improvements. Policies and procedures will be updated accordingly and communicated with the field offices.</p> <p>The conditions noted in this finding were previously reported in finding 2013-040, 12-41 and 11-34.</p>	

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	049 (Cont'd)	Completion Date: Estimated January 2016  Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2014	050	Finding:	The Department of Social and Health Services improperly claimed federal reimbursement for non-emergency services provided to nonqualified aliens and for payments made on behalf of deceased Medicaid clients.								
		Questioned Costs:	<table><thead><tr><th>CFDA#</th><th>Amount</th></tr></thead><tbody><tr><td>93.775</td><td>\$715,768</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778</td><td>ARRA and non-ARRA</td></tr></tbody></table>	CFDA#	Amount	93.775	\$715,768	93.777		93.778	ARRA and non-ARRA
CFDA#	Amount										
93.775	\$715,768										
93.777											
93.778	ARRA and non-ARRA										
		Status:	Corrective action in progress								
		Corrective Action:	<p>This finding involved four administrations within the Department: the Aging and Long Term Support Administration-Home and Community Services (ALTSA/HCS), the Children’s Administration (CA), the Developmental Disabilities Administration (DDA) and the Economic Services Administration (ESA). Each administration has taken or will take corrective action.</p> <p><b><u>ALTSA/HCS:</u></b></p> <ul style="list-style-type: none"><li>• In 2013, the Recipient Aid Codes (RACS) for non-emergency services were corrected for DDA clients, but the correction was missed for the ALTSA nursing home clients. The RACS and account coding for nursing home clients was corrected in November 2014.</li><li>• ALTSA/HCS repaid all questioned costs related to alien emergency medical services.</li><li>• By June 2015, ALTSA/HCS will:<ul style="list-style-type: none"><li>○ Resolve overpayments related to payments made after the client’s date of death. Overpayments for these costs (\$21,159) have been referred to the Department’s Office of Financial Recovery. Funds will be returned to Centers for Medicare and Medicaid Services (CMS) when the overpayment is recovered. Any overpayments not recovered within 365 days will be refunded to CMS through the Medicaid Overpayment Management System (MOMS) process.</li><li>○ Revise the invalid payment report so it provides a more accurate reporting of invalid payments.</li></ul></li></ul> <p><b><u>CA:</u></b></p> <ul style="list-style-type: none"><li>• In September 2014, questioned costs for the three exceptions related to the CA were returned to the grantor.</li><li>• By September 2015, CA will strengthen processes regarding review of cases related to nonqualified aliens receiving services.</li></ul>								

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	050 (Cont'd)	<p><b><u>DDA:</u></b></p> <ul style="list-style-type: none"> <li>• The DDA Social Service Payment System (SSPS) Program Manager will continue to provide quarterly reports to regional management for review. These reports include payment authorizations after the date of death. Regions will report the level of compliance in their quarterly reviews.</li> <li>• DDA continues its partnership with the Health Care Authority and external audit agency Optum, to identify payments for services provided after the date of death using an algorithm. The algorithm will continue to be run quarterly.</li> <li>• DDA will continue to provide training and direction to staff to ensure authorizing staff understand the need to match end date authorizations to the date of death or earlier as soon as they learn of a client's passing.</li> <li>• Participate in the design of the ProviderOne payment system, to prevent payments for services provided after the death of the client.</li> <li>• Overpayments have been submitted to the Department's Office of Financial Recovery for the questioned costs of \$5,025.78. The recovery will be returned to CMS or if not recovered timely through the MOMS process.</li> </ul> <p><b><u>ESA:</u></b></p> <ul style="list-style-type: none"> <li>• In February 2015, ESA reviewed the one exception identified during the audit and corrected the inappropriate payment. Also, staff were informed by memo about the requirements for processing cases that involve non-qualified aliens.</li> <li>• ESA's share of the questioned costs is \$34.70. If the Department of Health and Human Services contacts DSHS/ESA regarding questioned costs that should be repaid, DSHS/ESA will confirm these costs with DHHS and will take appropriate action in the form of payment.</li> </ul> <p>Completion Date: Estimated September 2015</p> <p>Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a></p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	051	<p>Finding: The Department of Social and Health Services did not have adequate internal controls in place, and did not comply with, the level of effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <p>Questioned Costs: <u>CFDA#</u> 93.959 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurred with this finding.</p> <p>By May 2015 the Department will:</p> <ul style="list-style-type: none"> <li>• Develop policies, procedures and internal controls to ensure monitoring and documentation of level of effort requirements are performed.</li> <li>• Actively monitor the state-funded spending. Specifically, the Department's Accounting Section will produce monthly reports showing the status of the state-funded spending. The Department's Budget Section will review the monthly reports in order to monitor the capability of meeting the minimum required amount each year.</li> <li>• Continue to remain in constant communication with the Federal grantors to keep them apprised of the Department's ability to meet the annual minimum required state-funded spending. Also, the Department will work with the Federal grantors to determine an appropriate course of action if the requirement cannot be met.</li> </ul> <p>Completion Date: Estimated May 2015</p> <p>Agency Contact: Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a></p>	



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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	052	<p><b>Finding:</b> The Department of Health does not have adequate internal controls over, and did not comply with, the Federal Funding Accountability and Transparency Act reporting requirements for the Maternal and Child Health Services Block Grant.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 93.994 <u>Amount</u> \$0</p> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> The Department agrees that five subawards totaling \$250,334 were not reported during the audit period.</p> <p>This was in part caused by the awards being omitted from the monthly Federal Funding Accountability and Transparency Act (FFATA) reporting list due to an error in the criteria used to extract the reporting data from the Department's financial system. This error was discovered and corrected in September 2013.</p> <p>It is currently the practice of the Department for the Grants Unit Supervisor to review and approve FFATA data prior to submission in FFATA Subgrant Reporting System (FSRS).</p> <p>The Department will update its written procedures for submitting FFATA reports by adding additional detail. The procedures will include the review and approval of FFATA data by the Grants Unit Supervisor prior to being submitted in FSRS and the necessary steps for ensuring all FFATA data is submitted in a timely manner.</p> <p><b>Completion Date:</b> Estimated June 2015</p> <p><b>Agency Contact:</b> Lynda Karseboom Department of Health PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>	

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	053	<p>Finding: The Department of Social and Health Services did not have adequate internal controls to ensure contracts were procured in accordance with state law for the Disability Insurance and Supplemental Security Income programs.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  96.001 \$0  96.006</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: In August 2014, the Department's division of Disability Determination Services (DDS), which is part of the Department's Economic Services Administration, began working with the Department's Central Contract Services unit to ensure state procurement laws are followed. Also in August 2014, DDS staff involved with contracts completed training provided by the Central Contract Services unit.</p> <p>In October 2014, the Department implemented a workgroup that will develop a Request for Qualifications (RFQ) for medical, psychological, and standard fee contracts. It is anticipated the RFQ will be posted to the Department's procurement website by April 1, 2015. These steps will bring the Department into compliance with RCW 39.26.</p> <p>Completion Date: Estimated April 2015</p> <p>Agency Contact: Alan Siegel  Department of Social and Health Services  PO Box 45804  Olympia, WA 98504-5804  (360) 664-6027  <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a></p>	

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
2014	054	<p>Finding:</p> <p>The Department of Social and Health Services does not have adequate internal controls to ensure providers were qualified to perform consultative examinations for the Disability Insurance and Supplemental Security Income programs.</p> <table><tr><td>Questioned Costs:</td><td><u>CFDA#</u> 96.001 96.006</td><td><u>Amount</u> \$0</td></tr></table> <p>Status:</p> <p>Corrective Action:</p> <p>Corrective action complete</p> <p>During the course of this audit the Department took steps to correct the deficiencies that were identified.</p> <p>The Department revised procedures regarding providers who perform consultative examinations. The Department is now reviewing the List of Excluded Individuals and Entities (LEIE) maintained by the Office of the Inspector General twice a year to ensure providers are qualified to perform consultative examinations. The LEIE is a federal list of individuals and entities that are excluded from participation in Medicare, Medicaid, and all other federal health care programs.</p> <p>The Department created a list of contracts and their license expiration date to ensure contractors renew their licenses timely. The Department also developed written procedures that require a manager or designee conduct a quarterly quality assurance (QA) review to ensure contractors renew their licenses as required. Finally, on a monthly basis 10 percent of contractor files are reviewed to ensure the accuracy of LEIE and license renewal checks. The results of the review show that all have submitted LEIE documentation timely and accurately. The Division of Disability Determination Services staff meets monthly to discuss how the QA process works and how to refine it and make it better.</p> <p>Completion Date:</p> <p>Agency Contact:</p> <p>July 2014</p> <p>Alan Siegel Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:alan.siegel@dshs.wa.gov">alan.siegel@dshs.wa.gov</a></p>	Questioned Costs:	<u>CFDA#</u> 96.001 96.006	<u>Amount</u> \$0	
Questioned Costs:	<u>CFDA#</u> 96.001 96.006	<u>Amount</u> \$0				

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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	055	<p>Finding: The Military Department does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Homeland Security and Fire Management Assistance Grant Programs are filed accurately.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u> 97.046 \$0 97.067</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding. Procedures have been modified and communicated to responsible individuals to ensure that proper reporting is being performed and that all subawards are reported. Federal Funding Accountability and Transparency Act reports are reviewed by the Contracts Office Supervisor, and the funding amount is confirmed by program managers.</p> <p>Completion Date: January 2015</p> <p>Agency Contact: Rich Shimizu Military Department Building #1: Headquarters Mailstop: TA-20 Tacoma, WA 98430-5032 (253) 512-7596 <a href="mailto:rich.shimizu@mil.wa.gov">rich.shimizu@mil.wa.gov</a></p>	

**State of Washington  
Summary Schedule of Prior Audit Findings  
For Years Prior to Fiscal Year 2014**

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2013-001	The State of Washington	None	H-7	Complete
2013-002	University of Washington	12.000, 12.300, 47.050, 93.351, 93.847, 93.853, 93.859, 93.865	H-10	Complete
2013-003	Department of Commerce	14.239, 66.468, 66.468A, 93.568, 93.569	H-11	Repeat Finding 2014-006
2013-004	Department of Commerce	14.239	H-13	Repeat Finding 2014-005
2013-005	Employment Security Department	17.225, 17.225A	H-15	Complete
2013-006	Employment Security Department	17.258, 17.258A, 17.259, 17.260A, 17.278	H-16	Complete
2013-007	Department of Ecology	66.605	H-17	Complete
2013-008	Department of Ecology	66.605	H-18	Complete
2013-009	Office of the Superintendent of Public Instruction	84.011, 84.367	H-19	Complete
2013-010	Office of the Superintendent of Public Instruction	84.011	H-20	Complete
2013-011	Department of Services for the Blind	84.126	H-21	Complete
2013-012	Department of Health	93.069, 93.889	H-22	Repeat Finding 2014-016
2013-013	Department of Health	93.069, 93.889	H-23	Repeat Finding 2014-017
2013-014	University of Washington	93.145, 93.266, 93.600	H-24	Complete
2013-015	Department of Early Learning	93.575, 93.596	H-25	Repeat Finding 2014-025
2013-016	Department of Early Learning	93.575, 93.596	H-26	Repeat Finding 2014-023

**State of Washington  
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2013-017	Department of Social and Health Services	93.575, 93.596	H-27	Repeat Finding 2014-026
2013-018	Department of Social and Health Services	93.659	H-29	Complete
2013-019	Department of Health	93.720A, 93.775, 93.777, 93.778, 93.778A	H-30	Repeat Finding 2014-028
2013-020	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-31	Repeat Finding 2014-034
2013-021	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-33	Repeat Finding 2014-038
2013-022	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-34	Complete
2013-023	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-35	Repeat Finding 2014-032
2013-024	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-37	Complete
2013-025	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-39	Complete
2013-026	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-40	Repeat Finding 2014-036
2013-027	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-41	Repeat Finding 2014-033
2013-028	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-43	Complete
2013-029	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-44	Complete
2013-030	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-45	Complete
2013-031	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-47	Repeat Finding 2014-039

**State of Washington  
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<b>Finding Number</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Page Number</b>	<b>Audit Status</b>
2013-032	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-49	Complete
2013-033	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-50	Repeat Finding 2014-045
2013-034	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-52	Repeat Finding 2014-044
2013-035	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-53	Complete
2013-036	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-54	Repeat Finding 2014-042
2013-037	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-55	Repeat Finding 2014-048
2013-038	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-56	Repeat Finding 2014-041
2013-039	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-57	Repeat Finding 2014-040
2013-040	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-58	Repeat Finding 2014-049
2013-041	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-60	Complete
2013-042	Department of Social and Health Services	93.791	H-62	Complete
2013-043	Military Department	97.067	H-63	Complete
2013-044	Military Department	97.067	H-64	Complete
2013-045	Military Department	97.067	H-65	Complete
12-01	Office of Financial Management	None	Refer to finding 2013-001 at H-7	Repeat Finding 2013-001

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12-06	Recreation and Conservation Funding Board	11.438	H-66	Repeat Finding 2014-003
12-08	Department of Commerce	14.239	Refer to finding 2013-004 at H-13	Repeat Finding 2014-005, 2013-004
12-09	Department of Commerce	14.239, 66.468, 66.468A, 81.042, 93.568, 93.569	Refer to finding 2013-003 at H-11	Repeat Finding 2014-006, 2013-003
12-10	Employment Security Department	17.225, 17.225A	Refer to finding 2013-005 at H-15	Repeat Finding 2013-005
12-17	Department of Services for the Blind	84.126	Refer to finding 2013-011 at H-21	Repeat Finding 2013-011
12-21	Department of Health	93.069, 93.889	Refer to finding 2013-012 at H-22	Repeat Finding 2014-016, 2013-012
12-22	University of Washington	93.145, 93.600	Refer to finding 2013-014 at H-24	Repeat Finding 2013-014
12-28	Department of Early Learning	93.575, 93.596, 93.713A	Refer to finding 2013-016 at H-26	Repeat Finding 2014-023, 2013-016
12-30	Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2013-017 at H-27	Repeat Finding 2014-026, 2013-017
12-32	Department of Social and Health Services	93.659	Refer to finding 2013-018 at H-29	Repeat Finding 2013-018
12-33	Department of Health	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2013-019 at H-30	Repeat Finding 2014-028, 2013-019
12-39	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2013-036 at H-54	Repeat Finding 2014-042, 2013-036
12-41	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2013-040 at H-58	Repeat Finding 2014-049, 2013-040
12-44	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2013-030 at H-45	Repeat Finding 2013-030
12-45	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2013-026 at H-40	Repeat Finding 2014-036, 2013-026



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12-47	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2013-024 at H-37	Repeat Finding 2013-024
12-48	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2013-028 at H-43	Repeat Finding 2013-028
12-49	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2013-020 at H-31	Repeat Finding 2014-034, 2013-020
12-53	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2013-027 at H-41	Repeat Finding 2014-033, 2013-027
12-54	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2013-031 at H-47	Repeat Finding 2014-039, 2013-031
12-62	Military Department	97.067	Refer to finding 2013-043 at H-63	Repeat Finding 2013-043
12-63	Military Department	97.067	Refer to finding 2013-045 at H-65	Repeat Finding 2013-045
11-10	Department of Commerce	66.468, 66.468A, 81.042, 81.042A, 93.659, 93.710A	Refer to finding 2013-003 at H-11	Repeat Finding 2014-006, 2013-003, 12-09
11-20	Department of Health	93.069, 93.889	Refer to finding 2013-012 at H-22	Repeat Finding 2014-016, 2013-012, 12-21
11-23	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2013-016 at H-26	Repeat Finding 2014-023, 2013-016, 12-28
11-24	Department of Social and Health Services	93.659, 93.659A	Refer to finding 2013-018 at H-29	Repeat Finding 2013-018, 12-32
11-25	Department of Health	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2013-019 at H-30	Repeat Finding 2014-028, 2013-019, 12-33
11-34	Department of Social and Health Services	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2013-040 at H-58	Repeat Finding 2014-049, 2013-040, 12-41
11-38	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2013-020 at H-31	Repeat Finding 2014-034, 2013-020, 12-49
11-39	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2013-031 at H-47	Repeat Finding 2014-039, 2013-031, 12-54

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11-40	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2013-024 at H-37	Repeat Finding 2013-024, 12-47
11-46	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2013-030 at H-45	Repeat Finding 2013-030, 12-44
11-49	Department of Health	98.889	H-67	Complete
10-31	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2013-016 at H-26	Repeat Finding 2014-023, 2013-016, 12-28, 11-23
10-32	Department of Social and Health Services	93.659, 93.659A	Refer to finding 2013-018 at H-29	Repeat Finding 2013-018, 12-32, 11-24
10-40	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2013-020 at H-31	Repeat Finding 2014-034, 2013-020, 12-49, 11-38
10-44	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2013-024 at H-37	Repeat Finding 2013-024, 12-47, 11-40
10-56	Department of Health	93.889	Refer to finding 11-49 at H-67	Repeat Finding 11-49
09-12	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2013-016 at H-26	Repeat Finding 2014-023, 2013-016, 12-28, 11-23, 10-31
09-14	Department of Social and Health Services	93.659, 93.659A	Refer to finding 2013-018 at H-29	Repeat Finding 2013-018, 12-32, 11-24, 10-32
09-19	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2013-020 at H-31	Repeat Finding 2014-034, 2013-020, 12-49, 11-38, 10-40
09-22	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2013-024 at H-37	Repeat Finding 2013-024, 12-47, 11-40, 10-44
08-13	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713	Refer to finding 2013-016 at H-26	Repeat Finding 2014-023, 2013-016, 12-28, 11-23, 10-31, 09-12
08-17	Department of Social and Health Services	93.659	Refer to finding 2013-018 at H-29	Repeat Finding 2013-018, 12-32, 11-24, 10-32, 09-14
08-25	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2013-020 at H-31	Repeat Finding 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19

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**The State of Washington**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	001	<p><b>Finding:</b> State's internal controls over payroll payments processed by Human Resources Management System and Medicaid payments processed by ProviderOne are inadequate to ensure those payments are properly processed and recorded.</p> <p><b>Questioned Costs:</b> None</p> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> <b>Human Resource Management System (HRMS) Controls</b> The Department of Enterprise Services (DES) and the Office of Financial Management (OFM) in partnership with the Personnel Payroll Association (PPA) Executive Committee are currently analyzing options to incorporate additional controls in HRMS to help prevent state employees from receiving unreasonable payroll payments due to incorrect input. The state's analysis has or will include the following:</p> <p>As of June 30, 2014:</p> <ul style="list-style-type: none"> <li>Evaluated the current preventative control that halts processing of an individual's gross pay if it is over \$25,000, to determine if the threshold should be reduced.</li> </ul> <p>OFM met with a cross section of agencies on May 29, 2014 to evaluate the current preventative control. The decision was to leave the \$25,000 threshold in place. Agencies have the ability to use existing HRMS reports to check for payments that exceed more restrictive dollar limits determined by the agency.</p> <p>By June 30, 2015</p> <ul style="list-style-type: none"> <li>Evaluate the addition of HRMS system warnings to control input of data to prevent payments to individuals that exceed a reasonable amount. Potential controls include restricting the number of hours allowed to be entered in the system based on the employees scheduled hours (or not to exceed 24 hours in one day), warnings when hours are being entered that do not meet certain criteria, and warnings for excessive hourly rates.</li> <li>Analyze existing exception reports to determine if additional warnings should be included.</li> </ul>	

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**The State of Washington**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	001 (Cont'd)	<p><b>HRMS System Security</b> The Department of Enterprise Services modified an internal control process which provided for additional segregation of duties. This change ensures that no individual has access to make changes in programs and promote them into production without review or approval from a second individual. This modification was completed on December 1, 2013.</p> <p><b>HRMS Disaster Recovery</b> In October 2013, the Department of Enterprise Services upgraded and virtualized the HRMS platform. This upgrade has made the environment more robust, scalable, supportable and easier to recover in an event of a disaster.</p> <p>By July 31, 2014, the Department will update their disaster recovery/business resumption plans as a result of the upgrade and change to the operating environment, and test the disaster recovery/business resumption plans. This test will include the necessary training to staff on procedures to follow in case of an emergency.</p> <p>By August 31, 2014, all plans, testing and training will be documented and certified by the Director of the Department and will be included in the annual disaster recovery/business resumption plan confirmation letter that must be included in the Department's IT portfolio for submission to the Office of the Chief Information Officer.</p> <p><b>Department of Social and Health Service Payroll Processing Controls</b> The Department has developed and implemented several corrective actions in response to this finding.</p> <p>In April 2013, the Department implemented the use of a threshold report that is used to identify payroll payments exceeding \$5,000 on a single payday. This will allow staff to screen for and prevent inappropriate payroll payments from being made.</p> <p>In November 2013, the Department took several corrective actions to better monitor and process payroll payments, including:</p> <ul style="list-style-type: none"> <li>Expanding Leave Tracker (the Department's time and leave reporting tool) to Department facilities.</li> </ul>

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**The State of Washington**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	001 (Cont'd)	<ul style="list-style-type: none"> <li>• Posting instructions to the Department's Financial Services Administration website to clarify the use of the Preemptive Payroll Journal (S4259) which can assist staff in determining the accuracy of payroll.</li> <li>• Providing training to staff in time and attendance procedures and Leave Tracker.</li> <li>• Using Lean management tools to document and improve payroll processes.</li> </ul> <p><b>Provider One:</b> The Health Care Authority disagrees with this finding. The Authority does not agree that ProviderOne security reviews are lacking or that lack of controls and monitoring in the contract introduce a significant system security review deficiency. While neither expected nor required by the federal government for any Medicaid payment system, to strengthen the Authority's ability to monitor vendor controls, the Authority added a requirement for external audit to the ProviderOne vendor contract in January 2013. This includes security reviews of servers and production databases and will provide additional assurance that effective controls are in place. Under the new requirement, the ProviderOne vendor is required to undergo biennial Service Organization Control (SOC) examinations and obtain reports from subcontractors. As previously reported, the satisfaction of this SOC examination occurs in multiple phases including the final completion of the examination in the first quarter of 2014.</p> <p>The following milestones of this audit were completed on time in 2013 and the ProviderOne vendor has met all contractual obligations:</p> <ul style="list-style-type: none"> <li>• On March 31, 2013, the ProviderOne vendor provided the Authority the required examination reports from subcontractors.</li> <li>• On December 31, 2013, the ProviderOne vendor completed documentation for the controls and delivered results to the Authority.</li> <li>• The final phase of this audit was completed in the first quarter of 2014.</li> </ul> <p>The Authority has and continues to ensure that the appropriate safeguards and effective controls are in place to protect Medicaid program integrity and data security.</p> <p>The conditions noted in this finding were previously reported in finding 12-01.</p> <p>Completion Date Estimated June 2015</p>

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**University of Washington**

Fiscal Year	Finding Number	Finding and Corrective Action Plan		
2013	002	Finding:	The University of Washington did not have sufficient internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act (FFATA) are filed for the Research and Development cluster.	
		Questioned	<u>CFDA#</u>	<u>Amount</u>
		Costs:	12.000	\$0
			12.300	
			47.050	
			93.351	
			93.847	
			93.853	
			93.859	
			93.865	
	Status:	Corrective action complete		
	Corrective Action:	The University has processes in place to review each subaward executed to determine whether Federal Funding Accountability and Transparency Act (FFATA) is applicable and therefore required to be submitted in the FFATA Subaward Reporting System (FSRS).		
		Starting in December 2012, the University updated its FSRS reporting process to include maintaining an electronic copy of each report filed. The University added a monthly review of all new subawards executed each month to ensure subawards are being reported in the FSRS system if applicable. In addition, the University added a secondary review of draft FSRS reports each month before submitting the reports to ensure all information has been entered accurately.		
	Completion Date:	June 2014		

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	003	<p>Finding: The Department of Commerce does not have sufficient internal controls to ensure all of its subrecipients receive audits as required.</p> <p>Questioned Costs: <u>CFDA#</u>  14.239  66.468  66.468 ARRA  93.568  93.569</p> <p><u>Amount</u>  \$0</p> <p>Status: Refer to finding 2014-006</p> <p>Corrective Action: The Department concurs with the finding. To address the fiscal year 2012 subrecipient finding, the Department enhanced the functionality of the Contract Management System (CMS) to provide a report of those entities expending \$500,000 or more in federal funds, the entity's fiscal year end date, and the due date of the A-133 audit.</p> <p>The fiscal year 2013 finding states the Department lacked clear communication on policies and procedures. The Department will review existing policies and procedures to more clearly articulate the responsibilities of the Internal Auditor and Program Managers for these processes. The Department will communicate the results of the review through all levels of the Department. Corrective action will include reviewing current policies and procedures, establishing roles and responsibilities, and stating time frames.</p> <p>Updates to policies and procedures will include production of a quarterly report for divisions to use to identify A-133 audit reports that are due. The reports will enable the Department to proactively remind entities of their audit report due dates. The policy will provide guidance when audit reports are delinquent. Training related to policy changes will be tracked. Testing of the implementation will be conducted. The Department will obtain the missing audit reports identified in the finding.</p> <p>During fiscal year 2013, the Department began a process of identifying and contacting grantees that did not meet the threshold for A-133 audit requirements. The Department will continue to enhance the process of identifying those recipients who received less than \$500,000 from the Department and may have received federal funding from other sources. This will ensure the Department identifies and obtains the required audit reports.</p>	

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	003 (Cont'd)	<p>The Internal Auditor will report to executive management quarterly on the progress to obtain missing A-133 reports, and provide data on audit reports currently received or due, training attendance, and improvements made to existing processes.</p> <p>During fiscal year 2014, the Department also convened a problem-solving team to devise an effective procedure for querying contractors about their total federal spend. Procedures are in draft form for articulating the responsibilities of staff.</p> <p>The conditions noted in this finding were previously reported in finding 12-09 and 11-10.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-006.</p>



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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	004	<p><b>Finding:</b> The Department of Commerce does not have sufficient internal controls to ensure HOME Investment Partnership program income is used before requesting federal cash draws.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 14.239 <u>Amount</u> \$0</p> <p><b>Status:</b> Refer to finding 2014-005</p> <p><b>Corrective Action:</b> The Department concurs with the finding. The Department did not record program income in the Integrated Disbursement and Information System (IDIS) in 2013 because staff new to the program were unable to navigate IDIS and were unaware of the requirement to input program income information. The reconciliation did not identify the missing IDIS information; it only included the bank and account balances.</p> <p>The current process to reconcile the bank balance to IDIS will be reviewed to strengthen internal controls. The Department will refine its methodology for ensuring program income is spent before federal funds are drawn. The methodology will address the use of program income for both project and administrative costs.</p> <p>In addition, the HOME program will update the procedures manual to:</p> <ul style="list-style-type: none"> <li>• Reference the regulations related to HOME program income.</li> <li>• Provide detailed navigation steps for IDIS.</li> <li>• Assign specific staff responsibilities.</li> <li>• Include instructions for establishing discrete accounting codes for federal and program income funds, to include separate codes for Department administration, grantee administration, and project expenses.</li> </ul> <p>The Accounting Department will update the procedures manual to:</p> <ul style="list-style-type: none"> <li>• Reference the regulations for use of HOME program income.</li> <li>• Outline the steps required before federal dollars are drawn, this includes requirements for entering the program income into IDIS prior to drawing funds.</li> <li>• Assign specific staff responsibilities, including supervisory review.</li> <li>• Identify the timing of notification to program management of program income balances.</li> </ul>	

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	004 (Cont'd)	<p>Oversight of corrective actions will include:</p> <ul style="list-style-type: none"> <li>• Monthly report of program income balance, interest earned, and uses of the balances will be provided to the Program Manager of the HOME program.</li> <li>• Monthly review by the Accounting Supervisor of the reconciliation.</li> <li>• Testing of the corrective action process by the Internal Auditor to ensure the corrective actions implemented effectively address federal draw requirements.</li> </ul> <p>The Department determined the interest on the program income account was \$96. The Department will ensure the interest earned on the program income remains below \$100 in the future by maintaining a minimal balance in the program income bank account.</p> <p>As of June 30, both the HOME Program and the Accounting Office have drafted procedures for the use of HOME program income, and are confirming their efficacy. Testing will be completed by the Internal Auditor by August 31, 2014.</p> <p>The conditions noted in this finding were previously reported in finding 12-08.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-005.</p>

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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	005	<p>Finding: The Employment Security Department did not attempt to collect \$881,375 overpaid to claimants for Federal Additional Compensation unemployment and insurance.</p> <p>Questioned Costs: <u>CFDA#</u> 17.225 ARRA and non-ARRA <u>Amount</u> \$881,375 ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: On September 7, 2012, the Department completed the necessary computer programming to bill, collect, and account for Federal Additional Compensation (FAC) overpayments. While the questioned costs are no longer collectible under state law, billing statements were mailed to claimants who had outstanding FAC overpayment balances. As of December 6, 2013, the Department successfully collected \$4,616,730 in FAC overpayments. Department collection efforts will continue as permitted by state and federal law.</p> <p>During fiscal year 2013, outstanding questioned costs of \$440,925 for fiscal year 2012 were reviewed as part of the U.S. Department of Labor (USDOL) audit resolution process. Although the costs were not allowed, the federal grantor waived collection. The Department will address the fiscal year 2013 questioned costs with the USDOL.</p> <p>The condition noted in this finding was previously reported in finding 12-10.</p> <p>Completion Date: September 2012</p>	

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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	006	<p>Finding: The Employment Security Department did not comply with the Federal Funding Accountability and Transparency Act reporting requirements for the Workforce Investment Act program.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u></p> <p>Costs: 17.258 ARRA and non-ARRA \$0</p> <p>17.259</p> <p>17.260 ARRA</p> <p>17.278</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department developed internal controls including policies and procedures for ensuring sub-awards are properly reported on the Federal Funding Accountability Transparency Act Subaward Reporting System (FSRS). These controls include review and reconciliation of entries to the federal grant documents for accuracy. As of March 7, 2014, the Department was able to access the FSRS and start maintaining sub-award information.</p> <p>Completion Date: March 2014</p>	

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**Department of Ecology**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	007	<p>Finding: The Department of Ecology did not comply with the Federal Funding Accountability and Transparency Act reporting requirements for the Performance Partnership Grant program.</p> <p>Questioned Costs: <u>CFDA#</u> 66.605 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding. To address the weaknesses noted in the finding, the Department has:</p> <ul style="list-style-type: none"> <li>• Conducted training on Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.</li> <li>• Clarified written procedures to ensure FFATA reports are submitted accurately, timely and reviewed by an appropriate manager.</li> <li>• Corrected improper sub-awards reported in the FFATA Sub-award Reporting System.</li> <li>• Communicated updated procedure and conducted training to the team assigned the responsibility of reporting FFATA data.</li> </ul> <p>Completion Date: February 2014</p>	

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**Department of Ecology**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	008	<p>Finding: The Department of Ecology improperly claimed \$53,971.49 in federal reimbursement for the Performance Partnership Grant program.</p> <p>Questioned Costs: <u>CFDA#</u> 66.605 <u>Amount</u> \$53,972</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding. The Department will establish Department wide procedures to ensure managers, supervisors and staff have guidance on how to properly charge work and leave time to federal grant programs. These procedures will be communicated to supervisors and staff once finalized. The Department will consult with the Environmental Protection Agency to determine if any questioned costs should be repaid.</p> <p>Completion Date: Estimated September 2014</p>	

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**Office of the Superintendent of Public Instruction**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	009	<p>Finding: The Office of the Superintendent of Public Instruction does not have sufficient internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Migrant Education and Title IIA Improving Teacher Quality programs are filed.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>  Costs: 84.011 \$0  84.367</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Office concurs that some sub-awards were not reported through the Federal Funding Accountability and Transparency Act Subaward Reporting System. Effective March 2014, a review is conducted after sub-awards are submitted and any corrections are made before the monthly reporting due date. The review will entail a spot check of sub-awards to ensure accurate and complete reporting. Documentation of the review is retained for audit purposes.</p> <p>Completion Date: March 2014</p>	

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**Office of the Superintendent of Public Instruction**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	010	<p>Finding: The Office of the Superintendent of Public Instruction does not have sufficient controls over, and was not compliant with, the requirements for determining subawards for each school district's share of Migrant Education funding.</p> <p>Questioned Costs: <u>CFDA#</u> 84.011 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Office agrees there was an error in the allocation of sub-awards for both regular and summer programs. The average error for each sub-award was \$670 for the summer program and \$1,653 for the regular program.</p> <p>Future allocations of sub-awards will be reviewed by the Director of Federal Fiscal Policy/Grant Management or designee. The review will entail an analysis of allocations to ensure they are accurately calculated and comply with federal regulations.</p> <p>Completion Date: Estimated July 2014</p>	



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**Department of Services for the Blind**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	011	<p>Finding: The Department of Services for the Blind charged indirect costs related to the Vocational Rehabilitation program to its federal grant without an approved indirect cost rate.</p> <p>Questioned Costs: <u>CFDA#</u> 84.126 <u>Amount</u> \$1,119,396</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department agrees with the finding. Upon receipt of the initial finding in 2012, the Department submitted an indirect cost rate proposal to the U.S. Department of Education on February 26, 2013 and requested a negotiated settlement for questioned costs.</p> <p>The Department has been working with the U.S. Department of Education since this time to receive approval of the indirect cost plan and a settlement of the questioned costs. Recent communications with the Department of Education indicated that they desire to have the issue resolved by February 28, 2014.</p> <p>Based on direction from the Rehabilitation Services Administration, the Department has ceased applying indirect costs to federal grants pending approval of the indirect cost rate proposal.</p> <p>Going forward the Department will include submission of the annual plan on its operations calendar to ensure the indirect cost rate is approved annually and the correct rate is used.</p> <p>The condition noted in this finding was previously reported in finding 12-17.</p> <p>Completion Date: April 2014</p>	

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	012	<p>Finding: The Department of Health does not have sufficient internal controls to ensure it meets federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u> Costs: 93.069 \$0 93.889</p> <p>Status: Refer to finding 2014-016</p> <p>Corrective Action: The Department consulted with federal grantors on this matter to get a clear understanding of how level of effort should be determined. After this consultation, the Department identified the proper amount for level of effort for the 2013-2014 grant budget year and submitted that to federal grantors.</p> <p>A level of effort tracking system was developed and put into place in July 2013, which identifies level of effort funding sources and documents expenditures during the course of the grant budget year.</p> <p>The condition noted in this finding was previously reported in findings 12-21 and 11-20.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-016.</p>	

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	013	<p>Finding: The Department of Health does not have sufficient internal controls over, and did not comply with, the Federal Funding Accountability and Transparency Act reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u> Costs: 93.069 \$0 93.889</p> <p>Status: Refer to finding 2014-017</p> <p>Corrective Action: The Department collected the Federal Funding Accountability and Transparency Act (FFATA) information and attempted to report this information, however the grant award was not added to the FFATA Subaward Reporting System (FSRS) by the grantor. The Department of Health does not have access to add missing awards.</p> <p>Per the auditor's recommendations, the Department revised its procedures and will email the federal grantor when awards reportable under the FFATA are not available to report on in the FSRS. This change was effective January 1, 2014.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-017.</p>	

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**University of Washington**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	014	<p>Finding: The University of Washington does not have monitoring controls to ensure subrecipients expending \$500,000 or more in total federal dollars obtain an audit.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>  Costs: 93.145 \$0  93.266  93.600</p> <p>Status: Corrective action complete</p> <p>Corrective Action: During fiscal year 2013 the University monitored subrecipients and took steps to enhance monitoring controls. In addition to the existing monitoring controls that were already in place, the University:</p> <ul style="list-style-type: none"> <li>• Updated the audit notification language in our subcontracts regarding subrecipient audit requirements, including foreign entities and regardless of the amount of total federal United States dollars that the entity expends.</li> <li>• Conducted a review of all fiscal year 2013 active and current subcontracts to ensure the University had obtained and reviewed subrecipient audits, as required.</li> <li>• Enhanced the University's tracking and process documentation related to subrecipient monitoring including documentation of dates audit reports were obtained and reviewed.</li> <li>• Implemented a Subrecipient Financial Questionnaire used at initiation of each subcontract to assist in determining the audit status of each entity as well as to operate as a risk assessment tool.</li> <li>• Developed a master listing of all subrecipients and related audit information; and developed a Subrecipient Entity Review Form to document information related to the subrecipient's audit report and review.</li> </ul> <p>Starting in fiscal year 2014, the University developed a Subrecipient Annual Certification Form to be sent to and certified by each subrecipient entity annually to update the audit status of the entity.</p> <p>The condition noted in this finding was previously reported in finding 12-22.</p> <p>Completion Date: June 2014</p>	

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**Department of Early Learning**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2013	015	Finding:	The Department of Early Learning does not have sufficient internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Child Care Development Fund program are filed.						
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.575</td><td>\$0</td></tr><tr><td>93.596</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596	
<u>CFDA#</u>	<u>Amount</u>								
93.575	\$0								
93.596									
		Status:	Refer to finding 2014-025						
		Corrective Action:	<p>The Department believes it accurately reports subrecipient awards under CFDA# 93.596, the Child Care Mandatory and Matching funds of the Child Care Development Fund (CCDF).</p> <p>However, the Department is unable to comply with the requirement to report subrecipient awards under CFDA# 93.575 because the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) does not allow recipients to report this particular data (the system functionality simply doesn’t exist). The Department’s understanding is that this is a national problem not just limited to Washington state. The Department has requested further clarification on reporting requirements by contacting FSRS support desk personnel, its CCDF federal liaison, and the Office of Management and Budget (OMB). At this time, the Department is still unable to report subrecipient information in FSRS for the CCDF awards, but as soon as the functionality to report awards under CFDA# 93.575 exists within FSRS, or the Department is provided with another means to report, the Department will meet this mandate.</p> <p>The Department has developed a coding structure to aid in reconciliation at year-end to ensure accuracy of FFATA reports. Additionally, the Department will be establishing policies and procedures to ensure compliance with FFATA reporting requirements, and will include a process for dual reviews of the data for accuracy.</p>						
		Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-025.						

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**Department of Early Learning**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2013	016	Finding:	The Department of Early Learning does not have adequate internal controls over direct payments to child care providers.						
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.575</td><td>\$0</td></tr><tr><td>93.596</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596	
		<u>CFDA#</u>	<u>Amount</u>						
		93.575	\$0						
		93.596							
Status:	Refer to finding 2014-023								
Corrective Action:	<p>The Department of Early Learning (the Department) and the Department of Social and Health Services (DSHS) continue to make consistent progress in actively auditing and recovering overpayments.</p> <p>In January 2012, the Working Connection Child Care (WCCC) subsidy audit team was created to meet federal internal control requirements of the WCCC subsidy program. The team started with four Quality Assurance (QA) specialists and one lead worker. In December 2013, the team hired three new quality assurance (QA) specialists. From February 2014 through the end of May 2014, the Department had two QA specialists dedicated to the Federal Improper Payment Audit. Beginning in February 2014, the Department’s QA specialists have continued audits of fiscal years 2013 and 2014 including the following months: July, August, September, and October 2012 and July, August, September, and October 2013.</p> <p>Prior to the start of this audit, the DSHS Office of Financial Recovery (OFR), the DSHS Office of Fraud and Accountability (OFA), and the Department agreed to implement improved overpayment processes, which focus on using an existing but underutilized vendor overpayment system. As of February 2014, the Department has initiated work on the July 2012 reconciliation. Part of the audit team will work on fiscal year 2013, and the remaining team will work on fiscal year 2014, along with the federal Improper Payment Audit.</p> <p>Starting in July of 2014, the Department will collaborate with DSHS on interagency and interdivision Lean Six Sigma process improvement effort to address the high rate of overpayments the Department is currently experiencing. The effort will include mapping multiple related work processes, trying to identify variables that may contribute to overpayments and identifying improvements that can be made to these processes that could help lower the rate of overpayments.</p> <p>The condition noted in this finding was previously reported in findings 12-28, 11-23, 10-31, 09-12 and 08-13.</p>								
Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-023.								

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2013	017	Finding:	The Department of Social and Health Services does not have adequate internal controls over client eligibility for the Child Care Development Fund.						
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.575</td><td>\$0</td></tr><tr><td>93.596</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596	
		<u>CFDA#</u>	<u>Amount</u>						
		93.575	\$0						
		93.596							
Status:	Refer to finding 2014-026								
Corrective Action:	<p>The Department of Social and Health Services (the Department) and the Department of Early Learning (DEL) have taken and completed the following actions:</p> <p>The Department implemented the following monitoring protocols to establish an appropriate separation of duties between staff who determine eligibility and staff who authorize payments:</p> <ul style="list-style-type: none"><li>Regional staff review an integrity report quarterly, which identifies cases where the same staff member has authorized four or more payments in a 15 month period without authorization activity from other staff. To date, the report has not identified any cases resulting in a finding of improper authorization activities.</li><li>A separation of duties protocol has been instituted that does not allow a staff member who activates a license-exempt provider to make any payment authorizations for that provider. This electronic process reduces the potential for fraudulent payment authorizations.</li></ul> <p>DEL has issued a request for proposals for a legislatively mandated time and attendance/payment system (AP), as well as for a new authorization interface (AI). The AI will be a new authorization and eligibility determination system, with the intent of streamlining the eligibility process. The goals of the new AI and AP systems are to reduce errors and fraud, and increase accuracy of payment authorization and billing by providers for services they provided. The new systems will reduce errors by decreasing the manual steps currently required.</p>								

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	017 (Cont'd)	<p>The Department will continue to perform the following child care authorization audits:</p> <ul style="list-style-type: none"> <li>• 1.6% of open authorizations.</li> <li>• 100% of exceptional payment authorizations to ensure they are reviewed and approved by a supervisor before payments are made. An example of an exceptional payment is when a child requires, and is authorized for, more than 230 hours of care per month due to extenuating circumstances such as a parent with multiple approved activities (school and work, etc.).</li> <li>• 100% of pre authorization and post authorization work for all new childcare workers.</li> <li>• Data provided monthly by the Health Care Authority which identifies error prone cases to audit for eligibility and areas where policy clarification, training, or systems support can increase accuracy.</li> </ul> <p>DEL established a specialized child care audit team January 1, 2012. The audit team is tasked with reviewing time and attendance records and provider payments. DEL hired five additional auditors in January 2013, increasing the audit team to nine members. The DEL audit team has increased the population of authorized payments reviewed for payment and billing accuracy.</p> <p>The Department and DEL will implement the following child care program reform initiatives* by January 2015:</p> <ul style="list-style-type: none"> <li>• The Working Connections Automated Program (WCAP) screens will be updated so they are more user friendly and provide more accuracy in the eligibility determination process.</li> <li>• The Department will simplify and streamline child care verification requirements at the time of application, through certification period, and at recertification. The Department will update the Child Care Subsidy Program Handbook and will notify Community Services Division staff regarding the changes.</li> </ul> <p><i>*These child care program reform initiatives are part of the Aclara Reform Project. The Aclara Reform Project is co-sponsored by the Department and DEL in response to an external child care program review requested by the Legislature and performed by the Aclara Group.</i></p> <p>The conditions noted in this finding were previously reported in finding 12-30.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-026.</p>



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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	018	<p>Finding: The Department of Social and Health Services, Children's Administration, is not ensuring the eligibility of clients receiving Adoption Assistance payments.</p> <p>Questioned Costs: <u>CFDA#</u> 93.659 <u>Amount</u> \$6,044</p> <p>Status: Corrective action complete</p> <p>Corrective Action: During the course of this audit, the Department implemented corrective actions to prevent inappropriate payments. These actions were:</p> <ul style="list-style-type: none"> <li>Implementing an automated process within FamLink to hold all payments at the age of 18. Social workers must have proper documentation in place prior to the continuation of payments.</li> <li>Requiring fiduciary staff to review documentation that supports the need to continue payments for children beyond the age of 18. This is a secondary review that is done prior to the manual approval of an adoption assistance payment.</li> </ul> <p>In February 2014, the Department resolved the exceptions identified in the audit. The federal share of the questioned costs were returned to the grantor.</p> <p>The condition noted in this finding was previously reported in findings 12-32, 11-24, 10-32, 09-14, and 08-17.</p> <p>Completion Date: February 2014</p>	

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**Department of Health**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2013	019	Finding:	The Department of Health did not survey all hospitals and home health agencies in accordance with the frequency stipulated by state and federal laws, which could increase the risk of Medicaid clients receiving substandard care.										
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.720 ARRA</td><td>\$0</td></tr><tr><td>93.775</td><td></td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.720 ARRA	\$0	93.775		93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>												
93.720 ARRA	\$0												
93.775													
93.777													
93.778 ARRA and non-ARRA													
		Status:	Refer to finding 2014-028										
		Corrective Action:	<p>In an effort to meet federal requirements, the Department implemented a new process for performing state hospital and home health surveys and completed staff training on this process. This will help shorten the time and reduce the number of staff needed to complete the surveys.</p> <p>Under the new process with fully trained staff, the Department anticipates that all surveys will now be performed as required.</p> <p>The condition noted in this finding was previously reported in findings 12-33 and 11-25.</p>										
		Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-028.										

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**Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2013	020	Finding:	The Health Care Authority does not comply with the data-sharing requirements of State law and the federal Deficit Reduction Act of 2005, thereby increasing the likelihood that the state is paying claims that should have been paid by liable third parties.										
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.720 ARRA</td><td>\$0</td></tr><tr><td>93.775</td><td></td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.720 ARRA	\$0	93.775		93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>												
93.720 ARRA	\$0												
93.775													
93.777													
93.778 ARRA and non-ARRA													
		Status:	Refer to finding 2014-034										
		Corrective Action:	<p>The Authority continues to disagree with this finding. The Authority is in compliance with the Deficit Reduction Act of 2005 and associated state law. The Authority meets this standard by making data available to all insurers to use for third-party liability reporting and by matching data directly with those insurers most likely to provide third-party coverage to Medicaid recipients.</p> <p>Although the Authority maintains its compliance with the Deficit Reduction Act, it has also taken steps to enhance data sharing to ensure that it continues to have a strong third-party liability program. Those steps include:</p> <ul style="list-style-type: none"><li>• Implementation of the Payer-Initiated Eligibility/Benefit Transaction (PIE) in July 2013 and subsequent communication with major insurers in Washington state requesting their participation in implementation of the PIE transaction and electronic sharing of third-party liability data. While other states have adopted other formats for data sharing, PIE is the actual manner and national standard format for data sharing. Although the Authority has successfully implemented the PIE transaction and will continue to encourage carrier adoption, it is important to note that the Authority has no authority to compel carriers to participate in use of the transaction for electronic data exchange. The Authority’s successful implementation is viewed by the federal Centers for Medicare and Medicaid Services as a model implementation and best practice.</li></ul>										

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	020 (Cont'd)	<ul style="list-style-type: none"><li>• In addition, the Authority contracted with Health Management Systems Inc. since February 2011, to provide enhanced data matching and identification of a client's primary medical insurance coverage. The contracted activities include conducting electronic data exchanges with health insurers, and verifying and updating the insurance eligibility of Medicaid recipients for billing liable third parties on behalf of the Authority.</li></ul> <p>The conditions noted in this finding were previously reported in finding 12-49, 11-38, 10-40, 09-19 and 08-25.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-034.</p>

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	021	<p>Finding: The Health Care Authority did not have adequate controls in place to ensure all critical access hospitals were paid accurately.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.720 ARRA \$0  93.775  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2014-038</p> <p>Corrective Action: The Authority partially disagrees with this finding. The Authority follows its current Washington Administrative Code (WAC) as it relates to the requirement for Critical Access Hospitals (CAH) to submit their ‘as filed’ and ‘final settled’ versions of their Medicare cost report to the Authority. WAC 182-550-2598 (11) states:</p> <p>“The department performs finalized cost settlements using the same methodology as outlined in subsection (10) of this section, except that the department uses the hospital's "final settled" Medicare cost report instead of the initial "as filed" Medicare cost report for the HFY being cost settled. The "final settled" Medicare cost report received from the Medicare fiscal intermediary must be submitted by the CAH to the department by the sixtieth day of the hospital's receipt of that Medicare cost report.”</p> <p>The Authority now uses the Center for Medicare and Medicaid Services Healthcare Cost Report Information System database to obtain final cost report data for these hospitals. The Authority is currently performing the final settlements on the outstanding cost reports identified in the finding.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-038.</p>	

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	022	<p>Finding: The Health Care Authority did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u></p> <p>Costs: 93.720 ARRA \$171,568</p> <p>93.775</p> <p>93.777</p> <p>93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority concurs that there were instances of missing Social Security numbers due to staff errors. The Authority will review training opportunities with staff whose primary duties include processing of Medicaid applications. This training will include policy, procedures, and proper use of automated systems.</p> <p>The Authority will review all cases identified in the finding and re-determine eligibility and consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.</p> <p>Completion Date: Estimated December 2014</p>	

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	023	<p>Finding: The Health Care Authority does not have adequate controls to ensure inpatient high outlier payments to hospitals are accurate.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.720 ARRA \$42,196  93.775  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2014-032</p> <p>Corrective Action: The Authority partially disagrees with this finding. The Authority follows its current Washington Administrative Codes (WACs) correctly in calculating outlier costs. It removed "noncovered charges" as they are defined in the below WACs:</p> <ul style="list-style-type: none"> <li>WAC 182-550-3700 (14) "... The estimated costs of the claim are calculated by multiplying the total submitted charges, minus the noncovered charges on the claim, by the hospital's ratio of costs-to-charges (RCC) rate..."</li> <li>WAC 182-550-1050 "... "Noncovered charges" means billed charges submitted to the department by a provider on a claim that are indicated by the provider on the claim as noncovered."</li> </ul> <p>The WAC does not address denied charges. The auditor excluded both noncovered and denied charges in the high outlier payments calculation.</p> <p>The Authority has taken the following steps for addressing the findings:</p> <ul style="list-style-type: none"> <li>The Authority changed its WAC and payment system to align with the auditor's calculation methodology. Denied charges are no longer included in the part of the outlier calculation related to costs.</li> <li>The Authority has reallocated the inpatient program workload in order to allow additional capacity for monitoring system and rate changes. All changes are then reviewed by Authority staff for accuracy.</li> </ul>	

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	023 (Cont'd)	<p>The Authority initiated action to recoup and repay incorrect payments identified by the auditor that were paid with the outdated high outlier calculation. For the other claims, as stated above, the current WAC does not allow the agency to remove charges, other than those that the WAC defines as “noncovered charges” when the agency calculates costs for outlier payments.</p> <p>The Authority will follow its standard procedures for the repayment of questioned costs.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-032.</p>



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**Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2013	024	Finding:	The Health Care Authority’s internal controls are insufficient to ensure payment rates for its Healthy Options managed care program are accurate, resulting in over \$95,000 in potential overpayments on premium rates paid to the managed care organizations.										
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.720 ARRA</td><td>\$47,686</td></tr><tr><td>93.775</td><td></td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.720 ARRA	\$47,686	93.775		93.777		93.778 ARRA and non-ARRA	
		<u>CFDA#</u>	<u>Amount</u>										
		93.720 ARRA	\$47,686										
		93.775											
93.777													
93.778 ARRA and non-ARRA													
Status:	Corrective action not taken												
Corrective Action:	<p>The Authority does not concur with this finding.</p> <p>The Authority disagrees with the methodologies used to identify questioned costs in this audit finding for three reasons.</p> <p>First, questioned costs were identified in a performance audit which is intended to improve management of the program. No evidence is presented to support that the payments in question directly impact the managed care rates, as the auditor claims. As a result, the Authority is unable to confirm the questioned costs.</p> <p>Second, the audit finding states that items identified as “errors” were “not paid in compliance with standard medical coding practices or were not properly supported with appropriate documentation”. This is not necessarily an overpayment; it only shows that documentation should be stronger and practices need to be standardized.</p> <p>Finally, the audit finding uses an actuarial analysis to assert that “for every \$1 in overpayments made by the two audited MCOs to their providers in 2010, the state potentially paid an additional \$1.26 in premiums to all MCOs in fiscal year 2013.” While this analysis can be used to identify performance improvements possible in the managed care program, the analysis clearly states there is only a potential for overpayment. No identification of an actual overpayment is made. In addition, the actuarial analysis is not based on the sample of payments in question.</p> <p>In the background section of the finding, it is noted that this repeat finding questions the accuracy of encounter data and cites the lack of review of data provided to the actuary and used to set rates.</p>												

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	024 (Cont'd)	<p>The Authority agrees that additional oversight and controls of Managed Care Organizations (MCO) will strengthen the state's ability to adequately manage the MCO contracts.</p> <p>Organizational and contract changes that increase oversight were implemented and include:</p> <ul style="list-style-type: none"><li>• Establishment of an Encounter Data Quality Control Unit for validation of encounter data. Established fall of 2013.</li><li>• Addition of an encounter data reconciliation process into the 2015 managed care contract. This process validates submitted encounter data against MCO cost reports and includes withhold provisions and returns funds if MCOs are able to adequately reconcile to cost reports.</li></ul> <p>The conditions noted in this finding were previously reported in findings 12-47, 11-40, 10-44 and 09-22.</p> <p>Completion Date: N/A</p>

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**Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2013	025	Finding:	The Health Care Authority did not invoice Medicaid drug rebates to drug manufacturers in accordance with the time frame stipulated by state and federal laws.										
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.720 ARRA</td><td>\$0</td></tr><tr><td>93.775</td><td></td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.720 ARRA	\$0	93.775		93.777		93.778 ARRA and non-ARRA	
		<u>CFDA#</u>	<u>Amount</u>										
		93.720 ARRA	\$0										
		93.775											
		93.777											
93.778 ARRA and non-ARRA													
Status:	Corrective action in progress												
Corrective Action:	<p>The Authority agrees with the finding. The Authority strives to ensure that drug rebate invoices reflect correct utilization and unit rebate amounts. As such, system modifications and unanticipated data patches have had to be implemented which caused the invoice delays.</p> <p>The Authority is taking the following steps to improve timely invoicing for drug rebates:</p> <ul style="list-style-type: none"><li>• Re-evaluate and streamline the invoicing workflow established during the ProviderOne implementation.</li><li>• Review responsibilities and timeline requirements for each element of the invoicing process.</li><li>• Elevate drug rebate system modifications to a higher priority.</li></ul>												
Completion Date:	Estimated December 2014												

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	026	<p>Finding: The Health Care Authority's inadequate internal controls over claims from Federally Qualified Health Centers led to more than \$226,279.66 in improper payments to providers.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.720 ARRA \$113,139  93.775  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2014-036</p> <p>Corrective Action: The Authority agrees with the finding.</p> <p>The Authority is performing the following activities to address this finding:</p> <ul style="list-style-type: none"> <li>• Complete the update of both the Washington Administrative Code (WAC) and provider billing guide to clearly define allowable encounters; and</li> <li>• Update ProviderOne system logic to align with the WAC and billing guide and ensure that system edits are in place to prevent overpayments and improper billings at the point of claim submission.</li> </ul> <p>In addition, the Authority will recoup the overpayments from the Federally Qualified Health Centers and work with the U.S. Department of Health and Human Services to discuss repayment of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 12-45.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-036.</p>	

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	027	<p>Finding: The Health Care Authority's inadequate internal controls over claims for dental services led to more than \$584,511.96 in overpayments to providers.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.720 ARRA \$292,256  93.775  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2014-033</p> <p>Corrective Action: The Authority agrees with the finding. The Authority has taken the following steps to address the audit finding:</p> <ul style="list-style-type: none"> <li>• Fluoride treatment for children: The Authority agrees that the billing guide, Washington Administrative Code (WAC) and ProviderOne are not aligned. The Authority's intent is to allow fluoride with limits based on the client's age and client type, per client, per provider. The revised WAC was effective April 29, 2014.</li> <li>• Dental Cleanings: The previous fiscal year's audit identified system issues that have been corrected and the Authority's Office of Payment Integrity is recouping overpayments.</li> <li>• Oral Evaluations: The previous fiscal year's audit found that the Authority's billing guide and WAC were not aligned with ProviderOne and the Authority's intended policy to allow periodic oral evaluations three times per year for clients of the Developmental Disabilities Administration to coincide with cleanings. The revised WAC was effective April 29, 2014, and the Medicaid Billing Guide was updated to reflect the changes effective May 1, 2014.</li> <li>• Orthodontic Services: Although Authority rule limits the services to once in a lifetime the rules also permit exceptions to this limit through the Authority's prior authorization process based on Early Periodic Screening, Diagnosis and Treatment (EPSDT) and exception to rule. The Authority reviewed the seven claims identified in this audit and found that in each case the provider requested prior authorization and the Authority granted authorization based on the clients' medical necessity.</li> <li>• Oral Hygiene Instructions: The Authority identified a system issue which has been corrected.</li> </ul>	

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	027 (Cont'd)		The Authority will follow its standard procedures through the Office of Program Integrity for recouping overpayments and repayment of questioned costs.
			The conditions noted in this finding were previously reported in finding 12-53.
		Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-033.

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**Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2013	028	Finding:	The Health Care Authority did not complete the required security reviews of ProviderOne, the new Medicaid Management Information System, risking the loss of Medicaid program assets and jeopardizing Medicaid program integrity.										
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.720 ARRA</td><td>\$0</td></tr><tr><td>93.775</td><td></td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.720 ARRA	\$0	93.775		93.777		93.778 ARRA and non-ARRA	
		<u>CFDA#</u>	<u>Amount</u>										
		93.720 ARRA	\$0										
		93.775											
93.777													
93.778 ARRA and non-ARRA													
Status:	Corrective action complete												
Corrective Action:	<p>The Authority disagrees with this finding. The Authority does not agree that ProviderOne security reviews are lacking or that lack of controls and monitoring in the contract introduce a significant system security review deficiency. While neither expected nor required by the federal government for any Medicaid payment system, to strengthen the Authority’s ability to monitor vendor controls, the Authority added a requirement for external audit to the ProviderOne vendor contract in January 2013. This includes security reviews of servers and production databases and will provide additional assurance that effective controls are in place. Under the new requirement, the ProviderOne vendor is required to undergo biennial Service Organization Control (SOC) examinations and obtain reports from subcontractors. As previously reported, the satisfaction of this SOC examination occurs in multiple phases including the final completion of the examination in the first quarter of 2014.</p> <p>The following milestones of this audit were completed on time in 2013 and the ProviderOne vendor has met all contractual obligations:</p> <ul style="list-style-type: none"><li>• On March 31, 2013, the ProviderOne vendor provided the Authority the required examination reports from subcontractors.</li><li>• On December 31, 2013, the ProviderOne vendor completed documentation for the controls and delivered results to the Authority.</li><li>• The final phase of this audit was completed in the first quarter of this year.</li></ul> <p>The Authority has and continues to ensure that the appropriate safeguards and effective controls are in place to protect Medicaid program integrity and data security.</p> <p>The conditions noted in this finding were previously reported in finding 12-48.</p>												
Completion Date:	June 2014												

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	029	<p>Finding: The Health Care Authority improperly claimed \$73,788.62 in federal reimbursement for unallowable services provided to undocumented aliens and services that were not rendered to deceased Medicaid clients.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.720 ARRA \$73,789  93.775  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority concurs that it made improper reimbursement for Medicaid clients where later research and analysis showed the clients were deceased. The Authority believes that adequate controls are in place to identify deceased clients as soon as possible following the date of death. Specifically, the Authority receives death records from the Department of Health as soon as they are available to identify Medicaid clients. Payments to deceased clients have been significantly reduced.</p> <p>The Authority also concurs that it made payments on behalf of non-qualified aliens for non-emergency related services. The Authority will continue to provide training to staff on proper coding of services provided to non-qualified aliens.</p> <p>The Authority will review all cases and consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.</p> <p>Completion Date: Estimated December 2014</p>	



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**Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2013	030	Finding:	The Health Care Authority did not have adequate controls in place to ensure violations of Medicaid laws and regulations by providers are identified, investigated and referred to the Medicaid Fraud Control Unit, risking the loss of public resources.										
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.720 ARRA</td><td>\$0</td></tr><tr><td>93.775</td><td></td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.720 ARRA	\$0	93.775		93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>												
93.720 ARRA	\$0												
93.775													
93.777													
93.778 ARRA and non-ARRA													
		Status:	Corrective action in progress.										
		Corrective Action:	<p>The Authority does not concur with this finding. The Authority maintains that adequate controls are in place to ensure that violations of Medicaid laws and regulations, including all fraud related cases, are identified and referred to the Medicaid Fraud Control Unit (MFCU) in a timely manner.</p> <p>All referrals received by the Office of Program Integrity (OPI) are initially scrutinized for materiality, severity, and credibility before they are entered into the Case Tracking application; those deemed most substantive are reviewed immediately, and all fraud related cases are referred to MFCU.</p> <p>OPI staff has historically entered all referrals; both fraud and non-fraud related client complaints, into the Case Tracking tool, as well as Medical Service Verification cases, even though they reflect cases of historically low risk and low value. The number and age of cases tracked are therefore not accurate measures of how OPI manages referrals or processes allegations of fraud and it is wrong to conclude that the Authority does not have control of its caseload and does not refer all appropriate cases to the MFCU in a timely manner. Processes are in place to prioritize the work of Surveillance and Utilization Review Section investigators, ensuring that the Authority is addressing those cases with the highest potential for fraud, waste, and abuse, and properly utilizing our resources to focus on cases that yield the highest return on investment.</p> <p>While disagreeing with the finding, the Authority concurs with several recommendations in the audit. The OPI is currently writing and revising its policies and procedures; increasing supervisory oversight and control of staff activities and documentation; and analyzing the feasibility of enhancement or replacement of its current case tracking system.</p>										

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	030 (Cont'd)	<p>These operational initiatives will provide additional focus and strengthen OPI's internal processes.</p> <p>The conditions noted in this finding were previously reported in finding 12-44, and 11-46.</p> <p>Completion Date: Estimated August 2014</p>

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	031	<p>Finding: The Health Care Authority did not have adequate controls in place to ensure services billed by providers were rendered to Medicaid beneficiaries, risking the loss of Medicaid resources.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.720 ARRA \$0  93.775  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2014-039</p> <p>Corrective Action: The Health Care Authority (Authority) does not concur with this finding and asserts that adequate controls are in place to ensure Medicaid services billed by providers were rendered to Medicaid clients.</p> <p>The Authority maintains that it is in compliance with 42 CFR 455.20 that states “the agency must have a method for verifying with beneficiaries whether services billed by providers were received.” The Authority does have such a method in place, although planned improvements to that process were not completed during fiscal year 2013.</p> <p>Although fraud might be detected by issuing random verification forms, experience has proven that limited staff resources are better utilized when the targets for oversight are strategically selected. Using informed allegations, as well as sophisticated analytical tools (behavior modeling, algorithms, comparisons and trends, spike reports, etc.) the Office of Program Integrity has identified millions in overpayments. By contrast, the Medicaid Services Verification (MSV) process has proven to have no value in detecting fraud and the Authority maintains that resources spent on MSV processing actually reduces its ability to focus on program integrity activities that increase controls.</p> <p>While disagreeing with the finding, the Authority concurs with several recommendations in the audit. The change request that refines the service selection process and includes the beneficiary on the form has been approved and is scheduled for implementation in July 2014. In addition, the Office of Program Integrity is currently writing and revising policies and procedures, and increasing supervisory oversight and control of staff activities and documentation. Together, these actions will eliminate the causes of the audit conditions.</p>	

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	031 (Cont'd)		The conditions noted in this finding were previously reported in findings 12-54 and 11-39.
		Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-039.

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	032	<p>Finding: The Health Care Authority does not have adequate internal controls to ensure Medicaid drug rebate amounts are accurately reported in CMS 64 report.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u></p> <p>Costs: 93.720 ARRA \$0</p> <p>93.775</p> <p>93.777</p> <p>93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority agrees with this finding.</p> <p>The formatting and formulas on the report used to prepare the Medicaid Drug Rebate Schedule (CMS-64.9R) have been reviewed and corrected. The CMS-64.9R was completed and reported correctly for the December 2013 quarter.</p> <p>The Authority will work with the Center for Medicare &amp; Medicaid Services to address the errors on the previously reported CMS-64.9R forms.</p> <p>Completion Date: Estimated August 2014</p>	

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2013	033	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration, did not respond to nursing home complaints in a timely manner, which could leave Medicaid clients residing in nursing homes vulnerable to serious injury or harm.										
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.720 ARRA</td><td>\$0</td></tr><tr><td>93.775</td><td></td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.720 ARRA	\$0	93.775		93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>												
93.720 ARRA	\$0												
93.775													
93.777													
93.778 ARRA and non-ARRA													
		Status:	Refer to finding 2014-045										
		Corrective Action:	<p>The Department initiated corrective actions on this finding during the course of the audit. The following actions were taken to strengthen the Department’s internal controls surrounding responses to nursing home complaints:</p> <ul style="list-style-type: none"><li>• A Lean process improvement was completed in December 2013. This helped identify workflow issues that contributed to the unit’s inability to process intakes within the required time frames.</li><li>• In December 2013, the Complaint Resolution Unit (CRU) implemented the following workflow changes:<ul style="list-style-type: none"><li>○ All intake workers participated in significant training to improve the quality of their initial and final work product. This relieved a workflow chokepoint by allowing the supervisors to target their quality review and support activities. It also greatly reduced rework of intakes.</li><li>○ The CRU changed from a general queue of pending intakes to assignment of intakes to individual workers. Each worker is held accountable for timely completion of their assigned intakes and their queue is reviewed twice a day by a supervisor.</li><li>○ Triage nurses were better utilized by changing their role from quality review of each intake to that of targeted technical assistance available to workers and supervisors. Targeted technical assistance focused on more complex and difficult complaints. This is possible because of the additional training to the workers and the realignment of supervisors’ duties.</li></ul></li></ul>										

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	033 (Cont'd)		By February 2014, the Department eliminated the backlog of pending intakes by temporarily assigning Field Unit Managers the task of working on the backlog of intakes.  Since the Department has resolved the backlog and improved workflow, the onsite surveys are being conducted in a timely manner.
		Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-045.

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2013	034	Finding:	The Department of Social and Health Services, Aging and Disability Services Administration, did not adequately monitor supported living service providers to ensure all staff with contact to Developmentally Disable clients have a proper background check and are authorized to have access to vulnerable supported living clients.										
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.720 ARRA</td><td>\$0</td></tr><tr><td>93.775</td><td></td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.720 ARRA	\$0	93.775		93.777		93.778 ARRA and non-ARRA	
		<u>CFDA#</u>	<u>Amount</u>										
		93.720 ARRA	\$0										
		93.775											
		93.777											
93.778 ARRA and non-ARRA													
Status:	Refer to finding 2014-044												
Corrective Action:	<p>In December 2013, the Department completed its meeting with residential providers across the State. Information and training was provided at these meetings on the updated background check policy. The updated policy included clearer language on background check standards.</p> <p>In March 2014, the Department held a provider leadership meeting and discussed background check rules and policies.</p> <p>Starting in March 2014, and ending in December 2014, the Department will hold regional quarterly provider meetings. In the course of these meetings the Department is planning on training providers and providing information on current background check policies.</p> <p>By April 2014 the Department took action on the exceptions identified in the audit. Staff identified as having a disqualified background check were immediately removed from having any access to the Department’s clients served by that agency. The Supported Living administrator or designee provided verification of this action to the Department.</p>												
Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-044.												



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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	035	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration made overpayments to providers totaling \$236,892.73.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.720 ARRA \$118,446  93.775  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department disagrees with this finding.</p> <p>The Department has a cost settlement reconciliation process that corrects and adjusts supported living payments. The auditor's review was completed on a state fiscal year, July 1 through June 30, while the Department's Developmental Disabilities Administration (DDA) review is conducted annually on a calendar year. This in effect overstated any overpayment; half the year audited had yet to be reconciled by the Department. Had the reconciliation for calendar year 2013 occurred within the audit cycle, the Department would have corrected most, if not all, of the overpayments identified. All overpayments identified in the audit have been forwarded to the Department's Office of Financial Recovery (OFR) for collection, consistent with DDA practices. At the end of one year, the federal grantor will be reimbursed if OFR is unable to collect the overpayment. Also, if the U.S. Department of Health and Human Services contacts the Department, action will be taken accordingly.</p> <p>The Department is confident its settlement process identifies nearly all overpayments; however, the Department is not satisfied until the overpayments are immaterial. To meet this end, the DDA added staff to the reconciliation process in February 2014. Also, if the budget allows, the Department plans to add additional staff for cost report reconciliation as a quality assurance measure. Finally, the Department plans on automating the reconciliation process with additional edits with the ProviderOne system that will prevent duplicate payments. This is tentatively scheduled for the last quarter of 2014.</p> <p>Completion Date: March 2014</p>	

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2013	036	Finding:	The Department of Social and Health Services, Developmental Disabilities Administration did not have adequate control to ensure Medicaid payments to supported living service providers are allowable and supported, resulting in unallowable payments of \$133,128.										
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.720 ARRA</td><td>\$66,564</td></tr><tr><td>93.775</td><td></td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.720 ARRA	\$66,564	93.775		93.777		93.778 ARRA and non-ARRA	
		<u>CFDA#</u>	<u>Amount</u>										
		93.720 ARRA	\$66,564										
		93.775											
		93.777											
93.778 ARRA and non-ARRA													
Status:	Refer to finding 2014-042												
Corrective Action:	<p>The Department did not concur with this finding. However, the Department did develop a corrective action plan to help make its current processes more efficient.</p> <p>Supported living service providers are required to submit cost reports each April. By July 2014, the Department reconciled the hours and Instruction Support Service (ISS) dollars authorized against hours and ISS dollars provided. When and if the reconciliation process identified an overpayment it was forwarded to the Office of Financial Recovery (OFR). OFR is the program within the Department responsible for collecting overpayments. If the U.S. Department of Health and Human Services contacts the Department about the questioned costs, the Department will act accordingly.</p> <p>By September 2014, the Department will conclude its first year of auditing 20 percent of supported living providers. The scope of the audits is to reconcile employee hours against specific agency households.</p> <p>The conditions noted in this finding were previously reported in finding 12-39.</p>												
Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-042.												

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	037	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor adult family home providers to ensure all caregivers and resident managers who are employed directly or by contract have proper background checks.</p> <p>Questioned Costs: <u>CFDA#</u>  93.720 ARRA  93.775  93.777  93.778 ARRA and non-ARRA</p> <p><u>Amount</u>  \$0</p> <p>Status: Refer to finding 2014-048</p> <p>Corrective Action: Effective April 2014, the Department began reviewing background checks for 100 percent of the employees employed by the provider at the time of the inspection.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-048.</p>	

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2013	038	Finding:	The Department of Social and Health Services, Developmental Disabilities Administration did not have adequate internal controls to ensure cost of care adjustments paid to supported living service providers are allowable and supported, resulting in unallowable payments of \$604,661.										
		Questioned Costs:	<table><tr><td><u>CFDA#</u></td><td><u>Amount</u></td></tr><tr><td>93.720 ARRA</td><td>\$302,331</td></tr><tr><td>93.775</td><td></td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></table>	<u>CFDA#</u>	<u>Amount</u>	93.720 ARRA	\$302,331	93.775		93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>												
93.720 ARRA	\$302,331												
93.775													
93.777													
93.778 ARRA and non-ARRA													
		Status:	Refer to finding 2014-041										
		Corrective Action:	<p>The Department has developed several corrective actions in response to this finding.</p> <p>In April 2014, the Department:</p> <ul style="list-style-type: none"><li>Updated the Cost of Care Adjustment form. It now includes the updated guidelines for processing actual Cost of Care Adjustments (the updated form will be implemented in July 2014).</li><li>Informed staff and providers about the updated guidelines.</li></ul> <p>In June 2014, the Department:</p> <ul style="list-style-type: none"><li>Trained the Residential Resource Managers on the updated guidelines for processing cost of care adjustments. Reviewed updated information with contracted providers at the Regional Quarterly Provider meetings.</li></ul> <p>The Department is of the opinion the cost of care adjustments paid to supported living providers were accurate, and will work with the U.S. Department of Health and Human Services to resolve the questioned costs.</p>										
		Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-041.										

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2013	039	Finding:	The Department of Social and Health Services, Developmental Disabilities Administration, did not consistently pay supported living providers at authorized daily rates.										
		Questioned Costs:	<table><thead><tr><th>CFDA#</th><th>Amount</th></tr></thead><tbody><tr><td>93.720 ARRA</td><td>\$695</td></tr><tr><td>93.775</td><td></td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778 ARRA and non-ARRA</td><td></td></tr></tbody></table>	CFDA#	Amount	93.720 ARRA	\$695	93.775		93.777		93.778 ARRA and non-ARRA	
CFDA#	Amount												
93.720 ARRA	\$695												
93.775													
93.777													
93.778 ARRA and non-ARRA													
		Status:	Refer to finding 2014-040										
		Corrective Action:	<p>In February 2014, the Department reviewed the three exceptions identified in the audit. Two overpayments were written and submitted to the Office of Financial Recovery for further collection actions. After reviewing the third exception, the Department determined an overpayment did not exist.</p> <p>The Department is in the process of changing the current payment system from the Social Service Payment System (SSPS) to ProviderOne (P1). The P1 payment system will have edits that will only allow non-duplicated approved rates to be paid. This will alleviate payment errors caused by duplicate authorizations. It is anticipated this will be implemented by October 2014.</p> <p>By December 2014, the Department is anticipating developing an automated system that transfers electronically approved rates to the rate file. This will also allow for electronic transfer to P1 for payments.</p>										
		Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-040.										

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2013	040	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not perform background checks for some in-home care individual providers in accordance with state law.</p> <p>Questioned Costs: <u>CFDA#</u> 93.720 ARRA 93.775 93.777 93.778 ARRA and non-ARRA</p> <p><u>Amount</u> \$182,305</p> <p>Status: Refer to finding 2014-049</p> <p>Corrective Action: The Department concurs with this finding, although the contracts for the majority of disqualified individual providers (39 of 48) were terminated by the Department’s Aging and Long-Term Support Administration (ALTSA) prior to the audit.</p> <p>Corrective action plans were developed and implemented as a result of the fiscal year 2012 audit; however, the fiscal year 2013 audit does not capture the results of the corrective actions taken by the Department due to the timing of the audit.</p> <p>As a result of the fiscal year 2013 audit, and to continue the corrective actions developed following the fiscal year 2012 audit, the Department has taken or will take the following actions:</p> <ul style="list-style-type: none"><li>• In April 2014:<ul style="list-style-type: none"><li>○ Reviewed and took action on the corrective action plans developed by AAA’s where significant deficiencies existed.</li><li>○ Developed training materials to distribute to field offices to ensure staff understand how to interpret the different types of determination letters produced by the Background Check Central Unit (BCCU).</li></ul></li><li>• In May 2014, the Department terminated payments to providers that did not have a current qualifying background check.</li><li>• By September 2014, the Department will:<ul style="list-style-type: none"><li>○ Terminate contracts of providers who fail to comply with requests to have current background checks completed, and</li><li>○ Distribute a management bulletin that discusses background check policies.</li></ul></li></ul>	

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	040 (Cont'd)	<ul style="list-style-type: none"> <li>• In October 2014, the field offices will report to ALTSA on corrective action plans that were implemented in April 2014.</li> <li>• In November 2014, the Department will consult with the U.S. Department of Health and Human Services regarding questioned costs identified in this audit.</li> <li>• By February 2015, the Department's Home and Community Services Division will have completed its work with BCCU on process improvements on the background check process. Policies and procedures will be updated accordingly and communicated with the field offices.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 12-41, and 11-34.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-049.</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	041	<p>Finding: The Department of Social and Health Services improperly claimed \$691,869.10 in federal reimbursement for the Medicaid program.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.720 ARRA \$691,869  93.775  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: This finding involved three administrations within the Department: the Aging and Long Term Support Administration (ALTSA); the Children's Administration (CA); and the Economic Services Administration (ESA). The three administrations concurred with the findings. Each took corrective actions specific to their administration.</p> <p><b><u>ALTSA:</u></b></p> <ul style="list-style-type: none"> <li>• In October 2013, ALTSA updated account coding in ProviderOne to properly reflect service provided to nonqualified aliens to ensure charges are not paid for with Medicaid funds.</li> <li>• In January 2014, ALTSA: <ul style="list-style-type: none"> <li>○ Returned questionable costs to the federal grantor.</li> <li>○ Implemented a monthly report review process that identifies potentially unsupported payments, which are payments made after the client's date of death. Reports are reviewed monthly by staff who take action on identified invalid payments.</li> </ul> </li> <li>• By March 2014 all questioned costs were resolved and journal vouchered to move the costs to state funding.</li> </ul> <p><b><u>CA:</u></b></p> <ul style="list-style-type: none"> <li>• In August 2013, CA established and implemented an account code for nonqualified aliens who receive services to ensure charges are not paid for with Medicaid funds.</li> <li>• In February 2014, CA corrected the exceptions identified in the audit and returned federal reimbursement received for the two clients who received services.</li> </ul>



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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2013	041 (Cont'd)	<p><b><u>ESA:</u></b></p> <ul style="list-style-type: none"><li>• In February 2014, ESA reviewed the four exceptions identified during the audit and corrected the inappropriate payments. Also, staff was informed by memo about the requirements for processing cases that involve non-qualified aliens to ensure that Medicaid services provided are restricted to emergency services.</li><li>• ESA's share of the questioned costs from this finding was \$203.79. If DHHS contacts ESA about these costs, ESA will respond accordingly.</li></ul> <p>Completion Date: March 2014</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	042	<p><b>Finding:</b> The Department of Social and Health Services, Aging and Long Term Services Administration, did not ensure that unallowable payroll costs charged to the Money Follows the Person Rebalancing Demonstration were refunded to the federal government in a timely manner.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 93.791 <u>Amount</u> \$106,274</p> <p><b>Status:</b> Corrective action complete</p> <p><b>Corrective Action:</b> The Department concurs with this finding. An Information Technology position was incorrectly coded to the Money Follows the Person Rebalancing Demonstration grant. The Department discovered and corrected the error in the system in March 2013.</p> <p>In January 2014, the Department developed new policies and procedures to ensure only staff allowed to work on the grant are correctly charged to the grant. The incorrect payroll expenditures were returned to the grantor.</p> <p><b>Completion Date:</b> January 2014</p>	

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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	043	<p>Finding: The Military Department does not have adequate internal controls to ensure all subrecipients of Homeland Security Grant Program funds receive audits when required and take timely and appropriate corrective action for any audit findings issued.</p> <p>Questioned Costs: <u>CFDA#</u> 97.067 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department's Finance Office is maintaining reports, one being a master list of subgrantees based on open sub-grants by calendar year, on a perpetual basis. The master list will be updated monthly, or as audits are released by the auditors indicating if a sub-grantee has received an A-133 single audit or not. The Finance Office is reviewing the SEFA in the sub-grantee audits, and determining if there are findings specific to the Military Department's federal grants. The reports are posted to a network share drive and a SharePoint site for viewing by Emergency Management Division (EMD) program staff. A copy of any specific findings and audit numbers are provided to the EMD. The appropriate EMD program staff will work with the sub-grantee to attain a corrective action plan for the findings, and provide the required management decision letter.</p> <p>EMD Program Staff have developed an internal tracking mechanism that is validated with the Finance Office records. A133 requirements have been incorporated into monitoring protocols assuring oversight.</p> <p>Finance and EMD staff has been notified about the reporting process including recent changes.</p> <p>The conditions noted in this finding were previously reported in finding 12-62.</p> <p>Completion Date: June 2014</p>	

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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	044	<p>Finding: The Military Department did not have internal controls over earmarking requirements to ensure administrative and management costs were accurately monitored for the Homeland Security grant.</p> <p>Questioned Costs: <u>CFDA#</u> 97.067 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department's Homeland Security Section (HLSS) has established a monthly process to update and review financial information. Financial reports are continually updated and validated with state accounting system records. Files are retained in a PDF format so a permanent record of each monthly review is maintained. A monthly meeting is conducted, which includes the HLSS Supervisor, grant managers, coordinators, and assistants to communicate financial information and resolve discrepancies. Discrepancies are noted on financial tracking tools. When a grant is closed, the financial data is reviewed against invoicing and state accounting system records.</p> <p>The process was documented in an internal operating procedure. This process is for all grants managed by the Homeland Security Section. These procedures have been communicated to employees.</p> <p>Completion Date: June 2014</p>	

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June 30, 2014**

**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2013	045	<p><b>Finding:</b> The Military Department did not have adequate internal controls over subrecipient monitoring and did not adequately monitor subrecipients of the Homeland Security Grant Program.</p> <p><b>Questioned Costs:</b> <u>CFDA#</u> 97.067 <u>Amount</u> \$0</p> <p><b>Status:</b> Corrective action complete</p> <p><b>Corrective Action:</b> The Department's Homeland Security Section (HLSS) has developed a new monitoring report and process for organizing and tracking subgrantee monitoring visits to ensure all subgrantees are adequately monitored. All subgrantees are scheduled for biennial monitoring site-visits, unless issues have surfaced, such that annual visits are recommended. The Monitoring Program Manager is responsible for organizing and tracking site visits by quarter throughout the year. Nineteen site visits are underway for the 1<sup>st</sup> quarter of 2014.</p> <p>A spreadsheet is submitted with invoices by the subgrantees showing the details of the expenditures which are reviewed by the Department to ensure only allowable costs are being reimbursed. Monitoring teams request comprehensive backup documentation for sample invoices prior to the monitoring visit. Monitoring teams review the entire submitted backup prior to the scheduled visit and note any issues for further discussion during the scheduled visit. Equipment purchased with grant funding is noted and examined during the site visit.</p> <p>Following the site visit, the monitoring team finalizes a Monitoring Report; the subgrantee documents their response; and issues requiring corrective action are scheduled for follow-up review. The completed report is signed by the monitoring team, Monitoring Program Manager, and Section Supervisor. The fully-executed Monitoring Report is posted on SharePoint, and emailed to the subgrantee.</p> <p>The above process has been documented in an HLSS Standard Operating Procedure and communicated to all program staff through written guidance and on-going training.</p> <p>The conditions noted in this finding were previously reported in finding 12-63.</p> <p><b>Completion Date:</b> June 2014</p>	

**State of Washington  
Summary Schedule of Prior Audit Findings  
For Years Prior to Fiscal Year 2014**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2014.)

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2014***

**Recreation Conservation Funding Board (RCFB)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
12	06	<p>Finding: The Recreation and Conservation Office did not file reports required by the Federal Funding Accountability and Transparency Act for the Pacific Coast Salmon Recovery Program.</p> <p>Questioned Costs: <u>CFDA #</u> 11.438</p> <p>Status: Refer to finding 2014-003</p> <p>Corrective Action: Since March 2013 the Recreation and Conservation Office (RCO) completes the Accountability Act reports on a monthly basis. These reports encompass all applicable federal programs. The lead financial analyst takes the lead on reporting the awards each month. If technical difficulties in reporting the costs should arise, RCO documents the questions, communications and resolution of the issues. The Chief Financial Officer reviews the results of the reporting monthly to confirm the reports are complete and accurate.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2014 Washington Single Audit. Refer to finding 2014-003.</p>	<p><u>Amount</u> \$0</p>

**State of Washington  
Summary Schedule of Prior Audit Findings  
For Years Prior to Fiscal Year 2014**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2014.)

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2014**

**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
11	49	<p><b>Finding:</b> The Department of Health charged the National Bioterrorism Hospital Preparedness Program for activities that occurred after the grant period had ended.</p> <p><b>Questioned Costs:</b> <u>CFDA #</u> 98.889 <u>Amount</u> \$38,574.67</p> <p><b>Status:</b> Corrective action complete</p> <p><b>Corrective Action:</b> The Department concurs with the State Auditor's Office (SAO) finding, but wishes to indicate that the corrective action to the 2010 finding was implemented as soon as possible after the SAO had identified this issue in March of 2011.</p> <p>The Department has reviewed its internal controls that are intended to prevent payments from being charged to grants that have exceeded their period of availability. These controls include the closing of account coding on or before the 90<sup>th</sup> calendar day unless a written extension has been provided by the federal grantor.</p> <p>These controls were implemented in March of 2011 subsequent to the completion of the SAO field work for the state fiscal year 2010 Single Audit. The transactions that the auditor identified as not compliant while conducting the 2011 Single Audit occurred in the interim between the beginning of the fiscal year 2011 and when the Department was made aware of the control issue.</p> <p>The Department will work with the federal grantor to resolve questioned costs identified by the SAO.</p> <p>The conditions noted in this finding were previously reported in finding 10-56.</p> <p><b>Completion Date:</b> March 2011</p>	

**Washington State Agency Codes (By Agency Alphabetically)**  
For the Fiscal Year Ended June 30, 2014

<b>Agency No.</b>	<b>Agency</b>	<b>Agency No.</b>	<b>Agency</b>
165	Accountancy, Board of (ACB)	104	Economic and Revenue Forecast Council (ERFC)
035	Actuary, Office of the State (OSA)	106	Economic Development Finance Authority (EDA)
110	Administrative Hearings, Office of (OAH)	610	Edmonds Community College (EDC)
055	Administrative Office of the Courts (AOC)	540	Employment Security Department (ESD)
119	African-American Affairs, Commission on (CAA)	179	Enterprise Services, Department of (DES)
495	Agriculture, Department of (AGR)	468	Environmental and Land Use Hearings Office (ELUHO)
355	Archaeology and Historic Preservation, Department of (DAHP)	605	Everett Community College (EVC)
387	Arts Commission, Washington State (ART)	102	Financial Institutions, Department of (DFI)
087	Asian-Pacific-American Affairs, Commission on (APA)	105	Financial Management, Office of (OFM)
100	Attorney General, Office of the (ATG)	477	Fish and Wildlife, Department of (DFW)
095	Auditor, Office of the State (SAO)	167	Forensic Investigation Council (FIC)
695	Bates Technical College (BATES)	411	Freight Mobility Strategic Investment Board (FMSIB)
627	Bellevue College (BC)	117	Gambling Commission, Washington State (GMB)
694	Bellingham Technical College (BTC)	075	Governor, Office of the (GOV)
629	Big Bend Community College (BBC)	648	Grays Harbor College (GHC)
315	Blind, Department of Services for the (DSB)	649	Green River Community College (GRC)
351	Blind, State School for the (SFB)	521	Hardwoods Commission (HRWD)
101	Caseload Forecast Council (CFC)	303	Health, Department of (DOH)
634	Cascadia Community College (CCC)	107	Health Care Authority, State (HCA)
375	Central Washington University (CWU)	599	Health Care Facilities Authority, Washington (WHCFA)
632	Centralia College (CEC)	346	Higher Education Facilities Authority, Washington (WHEFA)
353	Childhood Deafness and Hearing Loss, CTR for (CDHL)	652	Highline Community College (HCC)
057	Civil Legal Aid, Office of (OCLA)	118	Hispanic Affairs, Commission on (CHA)
635	Clark College (CLC)	390	Historical Society, Washington State (WHS)
696	Clover Park Technical College (CPTC)	185	Horse Racing Commission (HRC)
639	Columbia Basin Community College (CBC)	011	House of Representatives (REP)
460	Columbia River Gorge Commission (CRG)	148	Housing Finance Commission, Washington State (HFC)
103	Commerce, Department of (COM)	120	Human Rights Commission (HUM)
352	Community and Technical Colleges, State Board for (SBCTC)	086	Indian Affairs, Governor's Office of (INA)
699	Community and Technical College System (CTCS)	190	Industrial Insurance Appeals, Board of (IND)
471	Conservation Commission, State (SCC)	135	Innovate Washington (IWA)
163	Consolidate Technology Services (CTS)	160	Insurance Commissioner, Office of the (INS)
310	Corrections, Department of (DOC)	126	Investment Board, State (SIB)
406	County Road Administration Board (CRAB)	014	Joint Legislative Audit and Review Committee (JLARC)
048	Court of Appeals (COA)	038	Joint Legislative Systems Committee (JLS)
227	Criminal Justice Training Commission (CJT)	013	Joint Transportation Commission (JTC)
357	Early Learning, Department of (DEL)	050	Judicial Conduct, Commission on (CJC)
395	Eastern Washington Historical Society (EWH)	235	Labor and Industries, Department of (L&I)
370	Eastern Washington University (EWU)	692	Lake Washington Institute of Technology (LWIT)
461	Ecology, Department of (ECY)		



**Washington State Agency Codes (By Agency Alphabetically)**  
For the Fiscal Year Ended June 30, 2014

<b>Agency No.</b>	<b>Agency</b>	<b>Agency No.</b>	<b>Agency</b>
341	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF)	300	Social and Health Services, Department of (DSHS)
046	Law Library, State (LAW)	675	South Puget Sound Community College (SPS)
020	Legislative Evaluation and Accountability Program Committee (LEAP)	676	Spokane Community Colleges - District 17 (SCCD-17)
037	Legislative Support Services, Office of (LSS)	225	State Patrol, Washington (WSP)
240	Licensing, Department of (DOL)	040	Statute Law Committee (SLC)
080	Lieutenant Governor, Office of the (LTG)	340	Student Achievement Council (SAC)
356	Life Sciences Discovery Fund Authority (LSDFA)	350	Superintendent of Public Instruction (SPI)
195	Liquor Control Board (LCB)	045	Supreme Court (SUP)
116	Lottery Commission, State (LOT)	678	Tacoma Community College (TCC)
657	Lower Columbia College (LCC)	142	Tax Appeals, Board of (BTA)
412	Materials Management and Financing Authority, Washington (WMMFA)	376	The Evergreen State College (TESC)
245	Military Department (MIL)	304	Tobacco Settlement Authority (TOB)
147	Minority & Women's Business Enterprises, Office of (OMWBE)	228	Traffic Safety Commission, Washington (STS)
490	Natural Resources, Department of (DNR)	410	Transportation Commission (TRC)
662	Olympic College (OLC)	405	Transportation, Department of (DOT)
465	Parks and Recreation Commission, State (PARKS)	407	Transportation Improvement Board (TIB)
665	Peninsula College (PEC)	090	Treasurer, Office of the State (OST)
637	Pierce College (PIE)	360	University of Washington (UW)
205	Pilotage Commissioners, Board of (BPC)	215	Utilities and Transportation Commission (UTC)
462	Pollution Liability Insurance Program, Washington (PLI)	305	Veterans' Affairs, Department of (DVA)
056	Public Defense, Office of (OPD)	220	Volunteer Firefighters and Reserve Officers, Board for (BVFFRO)
082	Public Disclosure Commission (PDC)	683	Walla Walla Community College (WLC)
275	Public Employment Relations Commission (PERC)	359	Washington Charter School Commission (WCSC)
478	Puget Sound Partnership (PSP)	365	Washington State University (WSU)
467	Recreation and Conservation Funding Board (RCFB)	686	Wenatchee Valley College (WVC)
091	Redistricting Commission (RDC)	380	Western Washington University (WWU)
693	Renton Technical College (RTC)	621	Whatcom Community College (WHC)
124	Retirement Systems, Department of (DRS)	354	Workforce Training and Education Coordinating Board (WFTECB)
140	Revenue, Department of (DOR)	691	Yakima Valley College (YVC)
099	Salaries of Elected Officials, Washington Citizens' Commission on (COS)		
670	Seattle Community Colleges - District 6 (SCCD-6)		
085	Secretary of State, Office of the (SEC)		
012	Senate (SEN)		
672	Shoreline Community College (SHC)		
674	Skagit Valley College (SVC)		

**Washington State Agency Codes (By Agency Assigned Number)**  
For the Fiscal Year Ended June 30, 2014

<b>Agency No.</b>	<b>Agency</b>	<b>Agency No.</b>	<b>Agency</b>
011	House of Representatives (REP)	120	Human Rights Commission (HUM)
012	Senate (SEN)	124	Department of Retirement Systems (DRS)
013	Joint Transportation Commission (JTC)	126	State Investment Board (SIB)
014	Joint Legislative Audit and Review Committee (JLARC)	135	Innovate Washington
020	Legislative Evaluation and Accountability Program Committee (LEAP)	140	Department of Revenue (DOR)
035	Office of the State Actuary (OSA)	142	Board of Tax Appeals (BTA)
037	Legislative Support Services, Office of (LSS)	147	Office of Minority and Women's Business Enterprises (OMWBE)
038	Joint Legislative Systems Committee (JLS)	148	Washington State Housing Finance Commission (HFC)
040	Statute Law Committee (SLC)	160	Office of the Insurance Commissioner (INS)
045	Supreme Court (SUP)	163	Consolidated Technology Services (CTS)
046	State Law Library (LAW)	165	Board of Accountancy (ACB)
048	Court of Appeals (COA)	167	Forensic Investigation Council (FIC)
050	Commission on Judicial Conduct (CJC)	179	Enterprise Services, Department of
055	Administrative Office of the Courts (AOC)	185	Horse Racing Commission (HRC)
056	Office of Public Defense (OPD)	190	Industrial Insurance Appeals, Board of (IND)
057	Civil Legal Aid, Office of (OCLA)	195	Liquor Control Board (LCB)
075	Office of the Governor (GOV)	205	Board of Pilotage Commissioners (BPC)
080	Office of the Lieutenant Governor (LTG)	215	Utilities and Transportation Commission (UTC)
082	Public Disclosure Commission (PDC)	220	Board for Volunteer Firefighters and Reserve Officers (BVFFRO)
085	Office of the Secretary of State (SEC)	225	Washington State Patrol (WSP)
086	Governor's Office of Indian Affairs (INA)	227	Washington State Criminal Justice Training Commission (CJT)
087	Commission on Asian Pacific American Affairs (APA)	228	Washington Traffic Safety Commission (STS)
090	Office of the State Treasurer (OST)	235	Department of Labor and Industries (L&I)
091	Redistricting Commission (RDC)	240	Department of Licensing (DOL)
095	Office of the State Auditor (SAO)	245	Military Department (MIL)
099	Washington Citizens' Commission on Salaries for Elected Officials (COS)	275	Public Employment Relations Commission (PERC)
100	Office of the Attorney General (ATG)	300	Department of Social and Health Services (DSHS)
101	Caseload Forecast Council (CFC)	302	Home Care Quality Authority (HCQA)
102	Department of Financial Institutions (DFI)	303	Department of Health (DOH)
103	Commerce, Department of (COM)	304	Tobacco Settlement Authority (TOB)
104	Economic and Revenue Forecast Council (ERFC)	305	Department of Veterans' Affairs (DVA)
105	Office of Financial Management (OFM)	310	Department of Corrections (DOC)
106	Washington Economic Development Finance Authority (EDA)	315	Department of Services for the Blind (DSB)
107	State Health Care Authority (HCA)	340	Student Achievement Council (SAC)
110	Office of Administrative Hearings (OAH)	341	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF)
116	State Lottery Commission (LOT)	346	Washington Higher Education Facilities Authority (WHEFA)
117	Washington State Gambling Commission (GMB)	350	Superintendent of Public Instruction (SPI)
118	Commission on Hispanic Affairs (CHA)	351	State School for the Blind (SFB)
119	Commission on African-American Affairs (CAA)		

**Washington State Agency Codes (By Agency Assigned Number)**  
For the Fiscal Year Ended June 30, 2014

<b>Agency No.</b>	<b>Agency</b>	<b>Agency No.</b>	<b>Agency</b>
352	State Board for Community and Technical Colleges (SBCTC)	540	Employment Security Department (ES)
353	Childhood Deafness and Hearing Loss, CTR for (CDHL)	599	Washington Health Care Facilities Authority (WHCFA)
354	Work Force Training and Education Coordinating Board (WFTECB)	605	Everett Community College (EVC)
355	Archaeology and Historic Preservation, Department of (DAHP)	610	Edmonds Community College (EDC)
356	Life Sciences Discovery Fund Authority (LSDFA)	621	Whatcom Community College (WHC)
357	Early Learning, Department of (DEL)	627	Bellevue College (BC)
359	Washington Charter School Commission (WCSC)	629	Big Bend Community College (BBC)
360	University of Washington (UW)	632	Centralia College (CEC)
365	Washington State University (WSU)	634	Cascadia Community College (CCC)
370	Eastern Washington University (EWU)	635	Clark College (CLC)
375	Central Washington University (CWU)	637	Pierce College (PIE)
376	The Evergreen State College (TESC)	639	Columbia Basin Community College (CBC)
380	Western Washington University (WWU)	648	Grays Harbor College (GHC)
387	Washington State Arts Commission (ART)	649	Green River Community College (GRC)
390	Washington State Historical Society (WHS)	652	Highline Community College (HCC)
395	Eastern Washington State Historical Society (EWH)	657	Lower Columbia College (LCC)
405	Department of Transportation (DOT)	662	Olympic College (OLC)
406	County Road Administration Board (CRAB)	665	Peninsula College (PEC)
407	Transportation Improvement Board (TIB)	670	Seattle Community Colleges - District 6 (SCCD-6)
410	Transportation Commission (TRC)	672	Shoreline Community College (SHC)
411	Freight Mobility Strategic Investment Board (FMSIB)	674	Skagit Valley College (SVC)
412	Materials Management and Financing Authority, Washington (WMMFA)	675	South Puget Sound Community College (SPS)
460	Columbia River Gorge Commission (CRG)	676	Spokane Community Colleges - District 17 (SCCD-17)
461	Department of Ecology (ECY)	678	Tacoma Community College (TCC)
462	Washington Pollution Liability Insurance Program (PLI)	683	Walla Walla Community College (WLC)
465	State Parks and Recreation Commission (PARKS)	686	Wenatchee Valley College (WVC)
467	Recreation and Conservation Funding Board (RCFB)	691	Yakima Valley College (YVC)
468	Environmental and Land Use Hearings Office (ELUHO)	692	Lake Washington Institute of Technology (LWIT)
471	State Conservation Commission (SCC)	693	Renton Technical College (RTC)
477	Department of Fish and Wildlife (DFW)	694	Bellingham Technical College (BTC)
478	Puget Sound Partnership (PSP)	695	Bates Technical College (BATES)
490	Department of Natural Resources (DNR)	696	Clover Park Technical College (CPTC)
495	Department of Agriculture (AGR)	699	Community and Technical College System (CTCS)
521	Hardwoods Commission (HRWD)		

## **Community and Technical College Reporting**

### **For the Fiscal Year Ended June 30, 2014**

Agency 699 – Community and Technical College System is the administrative reporting agency for the following 30 community and technical colleges and the State Board for Community and Technical Colleges:

- Bates Technical College
- Bellevue College
- Bellingham Technical College
- Big Bend Community College
- Cascadia Community College
- Centralia College
- Clark College
- Clover Park Technical College
- Columbia Basin Community College
- Edmonds Community College
- Everett Community College
- Grays Harbor College
- Green River Community College
- Highline Community College
- Lake Washington Institute of Technology
- Lower Columbia College
- Olympic College
- Peninsula College
- Pierce College
- Renton Technical College
- Seattle Community Colleges – District 6
- Shoreline Community College
- Skagit Valley College
- South Puget Sound Community College
- Spokane Community Colleges – District 17
- Tacoma Community College
- Walla Walla Community College
- Wenatchee Valley College
- Whatcom Community College
- Yakima Valley College



