



Office of the Washington State Auditor

Pat McCarthy

A look at how Washington spent federal funds in 2020

The COVID-19 pandemic made 2020 a unique year. Thanks to legislation like the federal CARES Act, Washington state received billions of dollars in additional federal funding to support our residents and businesses during the pandemic. Washington state agencies spent almost \$26 billion in federal funds in 2020—a 44% increase compared to 2019.

Every year, the Office of the Washington State Auditor conducts a Single Audit, which examines whether our state agencies complied with federal grant requirements. Why is it called a Single Audit? Federal granting agencies used to be responsible for doing their own audits, but in 1984 the federal government standardized the audits of federal funds from grants for local, state and tribal governments, and called the standardized audit the “Single Audit.”

SAO’s audit work increases public transparency and accountability for how Washington invests federal money and serves our residents. This year, we selected \$22.4 billion to audit. The full report of our audit findings is 1,346 pages, and it’s available online at the state’s [Office of Financial Management website](#).

We know that’s a long report, so we’ve summarized the key findings for you. Keep scrolling to see a breakdown of where pandemic funding went, how spent agencies spent federal money, and how Washington can improve its compliance with federal rules.



almost \$26 billion

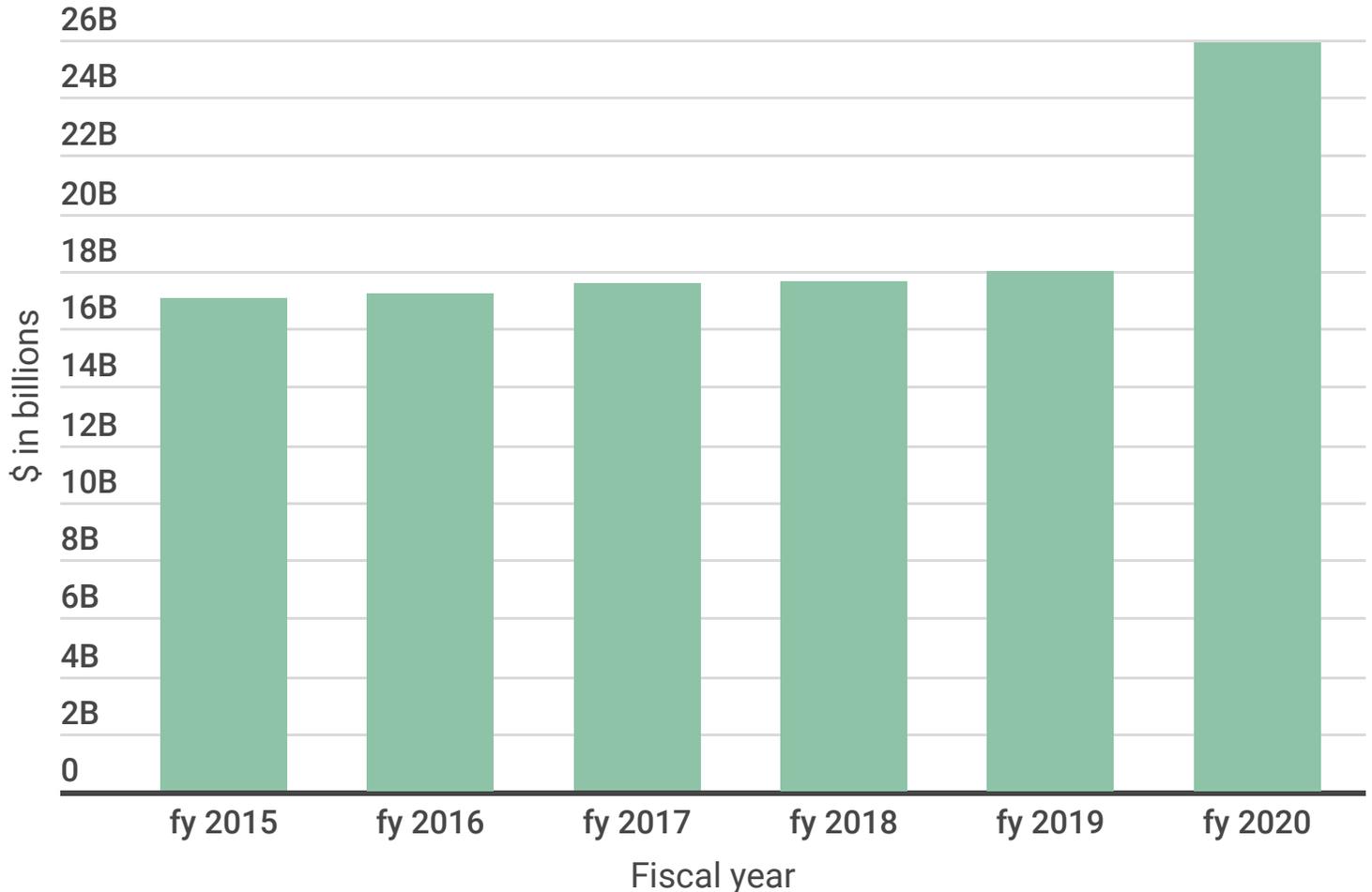
Total federal money state agencies spent



\$22.4 billion

Federal money state agencies spent selected for audit (including Medicaid)

Federal money state agencies spent



44% increase

Percent increase in federal funding state agencies spent compared to 2019

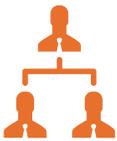
FEDERAL COVID-19 RELIEF

The COVID-19 outbreak was officially declared a pandemic on March 1, 2020. New and previously existing federal programs sent billions of dollars to Washington state in an effort to support our citizens and businesses during the pandemic. The pandemic and influx of federal funding required additional audit work for fiscal year 2020.



\$7.2 billion

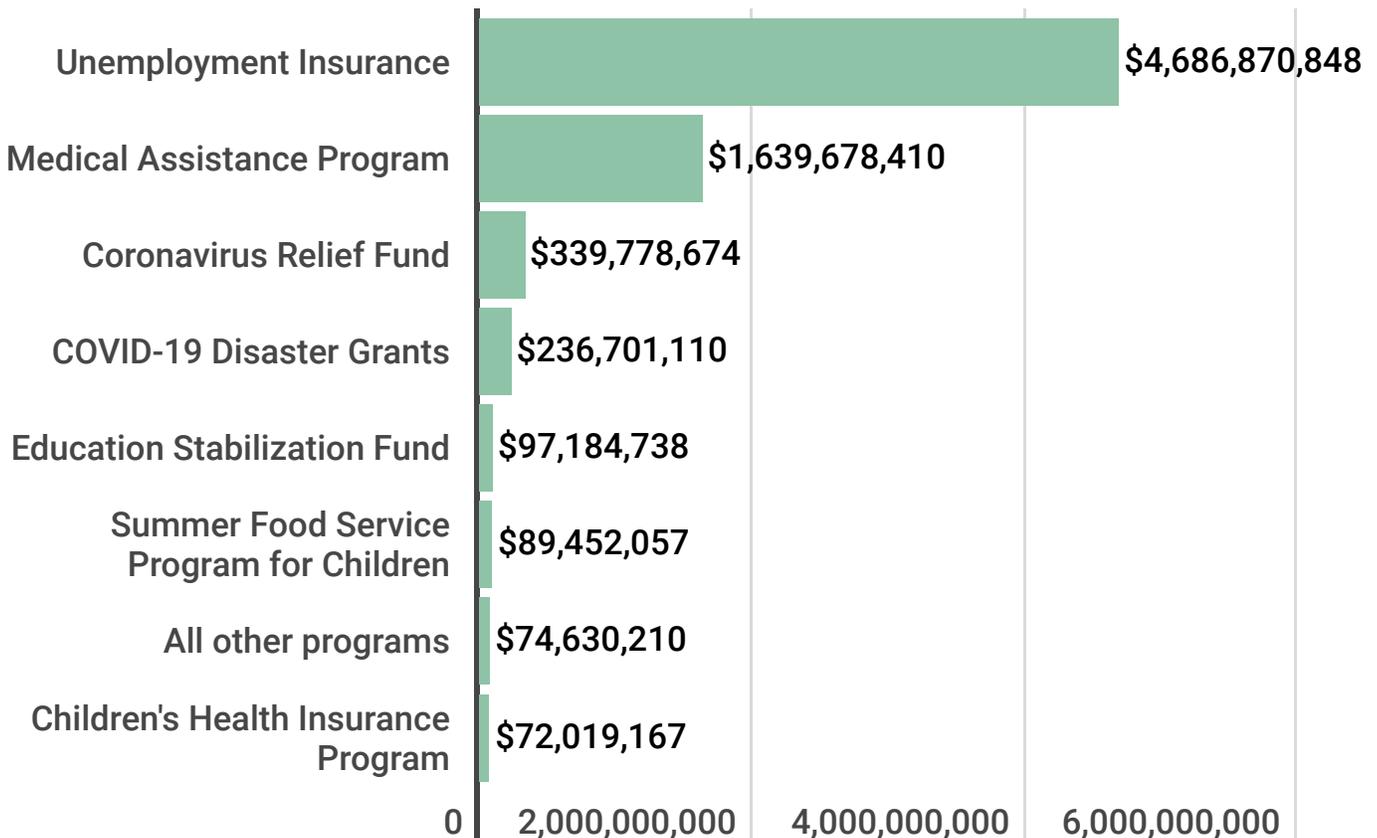
COVID-19-related funding state agencies spent between March 1 and June 30, 2020



\$388 million

COVID-19 funding passed through to other entities

Total expenditures by COVID-19 relief program



BACKGROUND

Who receives a single audit?

Governments that spend \$750,000 or more in federal awards in a year must prepare a Schedule of Expenditures of Federal Awards and arrange for an audit of their federal assistance. This audit is known as a Single Audit.

What happens if a finding is issued?

State agencies must respond to audit findings by preparing a corrective action plan. This plan is sent to the grantor – the federal agency issuing the funds – with our audit report. Grantors must issue a decision on audit findings within six months after receiving the audit report and action plan.

The grantor also must ensure the agency takes appropriate and timely corrective action. We have found this does not always occur. Grantors also decide whether states must pay back questioned costs.

As the auditor, we must follow up on the status of that corrective action during the next audit and may again report any uncorrected issues as findings. At the bottom of this infographic is a list showing the programs audited for state fiscal year 2019, and another list summarizing all federal findings issued.

Some terms used in this report

Questioned costs

Costs are questioned in a finding (a) that resulted from a violation or possible violation of a provisions of a law or other requirement, (b) for which the costs, at the time of the audit, were not supported by adequate documentation or (c) for which the costs incurred appear unreasonable and do not reflect the actions a prudent person would take under the circumstances.

Likely improper payments

These are calculated by projecting questioned costs identified in an audit sample to the entire population from which the sample was drawn, generally in a statistically valid method.

Subrecipient

This is an entity that spends awards received from a pass-through entity to carry out a program. The agency passing along these funds is expected to monitor how the subrecipient manages the funds it receives.

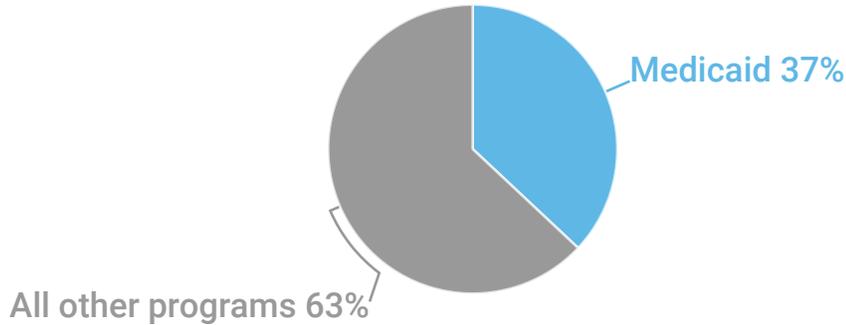
MEDICAID PROGRAMS



\$9.5 billion

Medicaid funds state agencies spent

Medicaid accounts for more than one third of federal money state agencies spent



Percentage of federal Medicaid funding state agencies spent

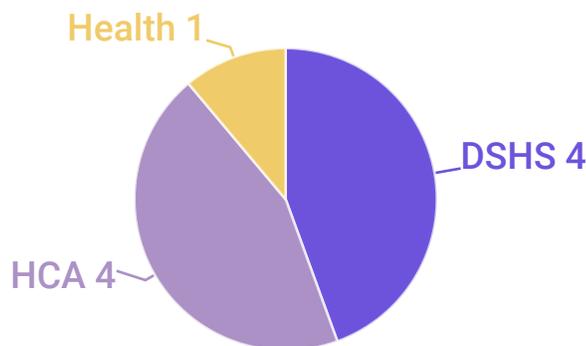
Social & Health Services (DSHS) 28.31%

Other agencies that spent Medicaid funds

- Children, Youth and Families (DCYF): 0.31%
- Attorney General: 0.07%
- Health: 0.02%
- Financial Management: 0.00%



Audit findings issued, by state agency



Quick breakdown



9
Findings



291
million
Questioned
costs



302
million
Likely
improper
payments

NON-MEDICAID PROGRAMS

Quick breakdown



26
Federal programs audited



22
Programs that received at least 1 finding



54
Total findings



\$669 million
Known questioned costs



\$31.9 million
Likely questioned costs

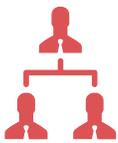
FINDINGS



4 programs with no findings

- Education Stabilization Fund (University of Washington, Washington State University, Spokane Community College)
- Federal Transit Cluster (Department of Transportation)
- Food Distribution Cluster (Department of Agriculture)
- Veterans State Nursing Home Care (Department of Veterans Affairs)

Most common types of significant problems



Insufficient monitoring of subrecipients

These included not performing risk assessments and not ensuring audits were performed (12)



Improper or unsupported payments

These primarily included payroll costs and payments on behalf of clients (15)



Not meeting special provisions

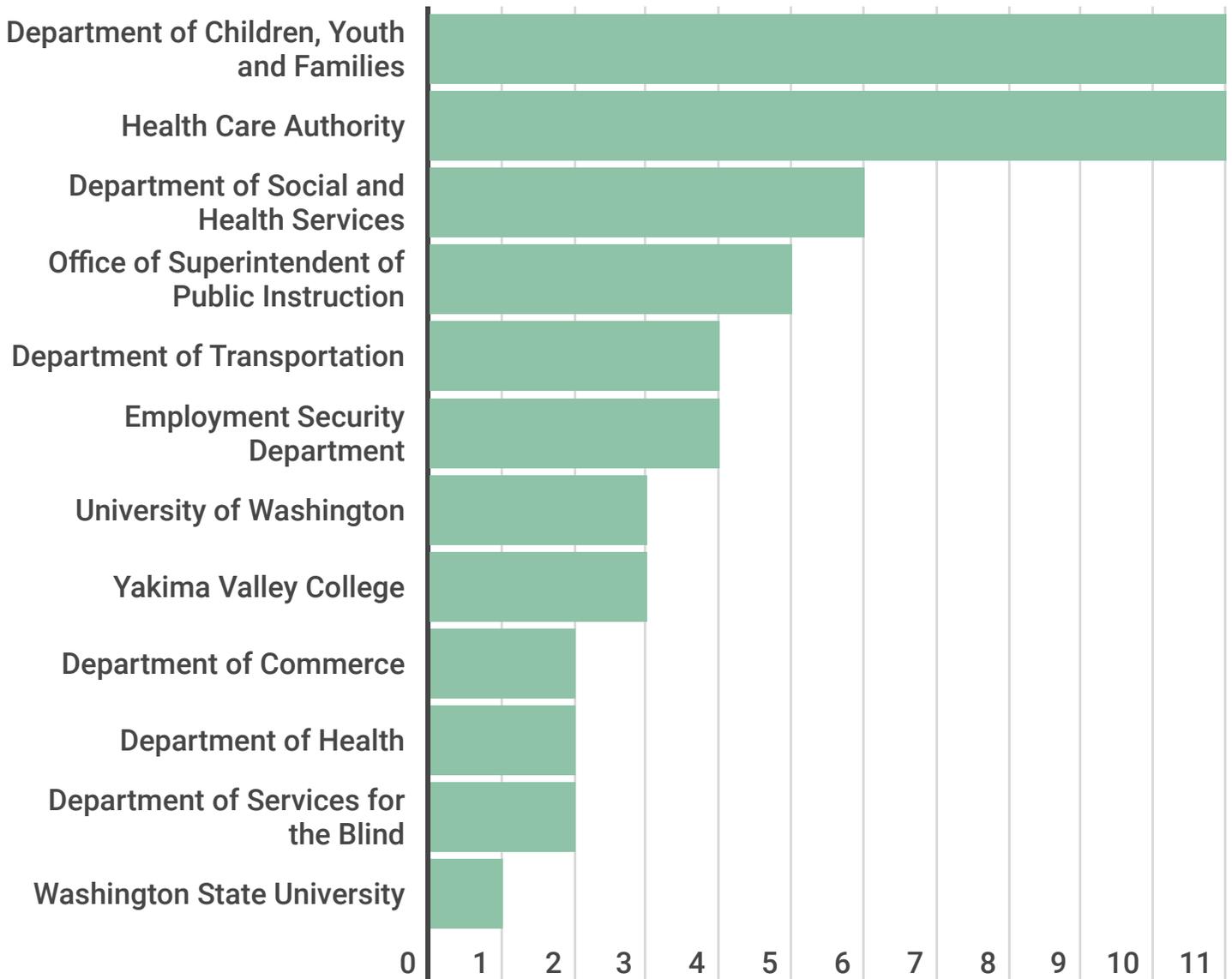
Not meeting special program provisions the federal government requires (15)



Inadequate reports

Reports to federal government that were not accurate, complete and adequately supported (4)

54 findings from 22 programs in 12 agencies



Programs audited in fiscal year 2020

Agency name	Program	Audited program federal dollars	Known questioned costs	Likely improper payments	Findings
Department of Children, Youth, and Families	Adoption Assistance	\$55,074,030.00	-	-	3
Health Care Authority	Block Grants for Prevention and Treatment of Substance Abuse	\$54,834,407.00	\$431,797	\$6,477,739	8
Department of Social and Health Services	Child Care and Development Fund Cluster	\$108,142,059.00	-	-	1
Department of Children, Youth, and Families	Child Care and Development Fund Cluster	\$136,955,544.00	\$17,827,582	\$24,800,778	7
Office of the Superintendent of Public Instruction	Child Nutrition Cluster	\$315,712,575.00	-	-	2
Health Care Authority	Children's Health Insurance Program (CHIP)	\$163,073,617.00	-	-	1
Department of Health	Coronavirus Relief Fund	\$42,450,363.00	\$451,726	-	1
Department of Social and Health Services	Coronavirus Relief Fund	\$192,794,829.00	\$8,681,008	-	1

Programs audited in fiscal year 2020

(Continued)

Agency name	Program	Audited program federal dollars	Known questioned costs	Likely improper payments	Findings
Department of Children, Youth, and Families	Coronavirus Relief Fund	\$69,427,500.00	\$39,739,702	-	1
Department of Social and Health Services	Crime Victims Assistance	\$12,394,142.00	-	-	1
Department of Commerce	Crime Victims Assistance	\$38,749,963.00	-	-	2
Department of Children, Youth, and Families	Foster Care - Title IV-E	\$118,983,728.00	-	-	2
Department of Transportation	Highway Planning and Construction Cluster	\$559,546,938.00	-	-	4
Department of Commerce	Low-Income Home Energy Assistance Program	\$62,918,680.00	-	-	1
Department of Children, Youth, and Families	Maternal, Infant, and Early Childhood Home Visiting Grant	\$9,323,871.00	\$135,685	-	2
Department of Health	Medicaid Cluster	\$2,268,435.00	-	-	1

Programs audited in fiscal year 2020

(Continued)

Agency name	Program	Audited program federal dollars	Known questioned costs	Likely improper payments	Findings
Department of Social and Health Services	Medicaid Cluster	\$2,686,470,684.00	\$291,364,627	\$302,880,944	5
Department of Children, Youth, and Families	Medicaid Cluster	\$29,710,130.00	-	-	2
Health Care Authority	Medicaid Cluster	\$6,802,407,401.00	\$78,028	-	5
Office of the Superintendent of Public Instruction	Migrant Education - State Grant Program	\$22,128,121.00	-	-	1
Office of the Superintendent of Public Instruction	Special Education Cluster	\$236,033,765.00	-	-	1
Department of Health	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	\$94,158,349.00	-	-	1
Department of Social and Health Services	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	\$1,478,995,234.00	-	-	1

Programs audited in fiscal year 2020

(Continued)

Agency name	Program	Audited program federal dollars	Known questioned costs	Likely improper payments	Findings
Health Care Authority	State Targeted Response to the Opioid Crisis Grants	\$37,052,287.00	\$20,000	\$40,952	3
Washington State University	Student Financial Assistance Cluster	\$236,196,045.00	-		1
University of Washington	Student Financial Assistance Cluster	\$388,260,420.00	\$2,300	-	3
Yakima Valley Community College	Student Financial Assistance Cluster	\$15,170,391.00	\$1,369	\$22,528	3
Department of Social and Health Services	Temporary Assistance for Needy Families (TANF)	\$309,468,459.00	-	-	2
Office of the Superintendent of Public Instruction	Title I, Part A	\$236,113,046.00	-	-	1
Employment Security Department	Unemployment Insurance	\$7,626,638,190.00	\$601,723,283	-	2
Department of Social and Health Services	Vocational Rehabilitation - Grants to States	\$37,528,578.00	\$13,143	\$638,257	1

Programs audited in fiscal year 2020

(Continued)

Agency name	Program	Audited program federal dollars	Known questioned costs	Likely improper payments	Findings
Department of Services for the Blind	Vocational Rehabilitation - Grants to States	\$9,699,159.00	-	-	2
Employment Security Department	Workforce Innovation and Opportunity Act (WIOA) Cluster	\$64,591,202.00	-	-	2