



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

December 19, 2024

**MEMORANDUM FOR JESSICA MILANO, CHIEF PROGRAM OFFICER, OFFICE OF
CAPITAL ACCESS, DEPARTMENT OF THE TREASURY**

FROM: Deborah L. Harker /s/
Assistant Inspector General for Audit

SUBJECT: Desk Review of the State of Washington's Use of
Coronavirus Relief Fund Proceeds (OIG-CA-25-025)

Please find the attached desk review memorandum¹ on State of Washington's (Washington) use of Coronavirus Relief Fund (CRF) proceeds. The CRF is authorized under Title VI of the Social Security Act, as amended by Title V, Division A of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under a contract monitored by our office, Castro & Company, LLC (Castro), a certified independent public accounting firm, performed the desk review. Castro performed the desk review in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Federal Offices of Inspector General* standards of independence, due professional care, and quality assurance.

In its desk review, Castro personnel reviewed documentation for a non-statistical selection of 25 transactions reported in the quarterly Financial Progress Reports (FPR) and identified unsupported and ineligible questioned costs of \$14,085,335 and \$283,599, respectively, with total questioned costs of \$14,368,934. (see attached schedule of monetary benefits).

¹ The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) assigned the Department of the Treasury Office of Inspector General with responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of Coronavirus Relief Fund (CRF) payments. The purpose of the desk review is to perform monitoring procedures of the prime recipient's receipt, disbursement, and use of CRF proceeds as reported in the grant-reporting portal on a quarterly basis.

Castro determined that the expenditures related to the Contracts greater than or equal to \$50,000 and Aggregate Reporting less than \$50,000² payment types complied with the CARES Act and the Department of the Treasury's (Treasury) Guidance. Also, Castro determined that expenditures related to the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000,³ Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals⁴ payment types did not comply with the CARES Act and Treasury's Guidance. Additionally, Castro determined Washington's risk of unallowable use of funds is high.

Castro recommends that Treasury Office of Inspector General (OIG) follow-up with Washington's management to confirm if the \$14,085,335 noted as unsupported expenditures within the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types can be supported. If support is not provided, Treasury OIG should recoup the funds or request Washington management to provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance.

In addition, Castro recommends that Treasury OIG request Washington management to provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance for the \$283,599 of ineligible costs charged to the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types. If support is not provided, Treasury OIG should recoup the funds. Further, based on Washington management's responsiveness to Treasury OIG's requests and management's ability to provide sufficient documentation and/or replace unsupported and ineligible transactions charged to CRF with valid expenditures, Castro recommends Treasury OIG determine the feasibility of conducting an audit for the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types.

² Recipients are required to report CRF transactions greater than or equal to \$50,000 in detail in the grant-reporting portal. Transactions less than \$50,000 can be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

³ A transfer to another government entity is a disbursement or payment to a government entity that is legally distinct from the prime recipient.

⁴ Obligations and expenditures for payments made to individuals, regardless of amount, are required to be reported in the aggregate in the grant-reporting portal to prevent inappropriate disclosure of personally identifiable information.

At the time of desk review fieldwork, Castro noted that Washington had findings in their Single Audit Act Reports for fiscal years 2020, 2021, and 2022, as summarized below:

- Washington's fiscal year 2020 Single Audit Act report was published on December 17, 2020, and the auditor identified unsupported questioned costs specific to the CRF in the amount of \$49,228,368.
- Washington's fiscal year 2021 Single Audit Act report was published on December 21, 2021, and the auditor identified unsupported questioned costs specific to the CRF in the amount of \$4,124,518.
- Washington's fiscal year 2022 Single Audit Act report was published on December 20, 2022, and the auditor identified unsupported questioned costs specific to the CRF in the amount of \$74,784.
- Washington's fiscal year 2023 Single Audit Act report was published on December 7, 2023, and did not include any CRF related questioned costs.

Castro recommends that Treasury OIG follow-up with Treasury's Office of Capital Access to ensure that management decision letters are issued on the CRF specific findings identified by the auditor in these Single Audit Act reports.

Castro also identified eleven other matters detailed in Castro's report which warrant recommendations to Treasury OIG for additional action. Castro recommends Treasury OIG follow-up on these issues.

Treasury OIG and Castro met with Washington management to discuss the report. Washington management stated they would provide additional documentation to Treasury OIG to support the questioned costs or replace them with other eligible expenditures.

In connection with our contract with Castro, we reviewed Castro's desk review memorandum and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express an opinion on Washington's use of the CRF proceeds. Castro is responsible for the attached desk review memorandum and the conclusions expressed therein. Our review found no instances in which Castro did not comply in all material respects with the *Quality Standards for Federal Offices of Inspectors General*.

We appreciate the courtesies and cooperation provided to Castro and our staff during the desk review. If you have any questions or require further information, please contact me at (202) 486-1420, or a member of your staff may contact Lisa DeAngelis, Audit Director, at (202) 487-8371.

Page 4

cc:

Michelle. A. Dickerman, Deputy Assistant General Counsel, Department of the Treasury

Danielle Christensen, Deputy Chief Program Officer, Office of Capital Access, Department of the Treasury

Wayne Ference, Partner, Castro & Company, LLC

Brian Tinney, Director of Accounting, State of Washington

Attachment

Schedule of Monetary Benefits

According to the Code of Federal Regulations,⁵ a questioned cost is a cost that is questioned due to a finding:

- (a) which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for funds used to match Federal funds;
- (b) where the costs, at the time of the review, are not supported by adequate documentation; or
- (c) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

Questioned costs are to be recorded in the Department of the Treasury's (Treasury) Joint Audit Management Enterprise System (JAMES).⁶ The amount will also be included in the Office of Inspector General (OIG) Semiannual Report to Congress. It is Treasury management's responsibility to report to Congress on the status of the agreed to recommendations with monetary benefits in accordance with 5 USC 405.

Recommendation

Recommendation No. 1

Questioned Costs

\$14,368,934

The questioned cost represents amounts provided by Treasury under the Coronavirus Relief Fund. As discussed in the attached desk review, \$14,368,934 is Washington's total expenditures reported in the grant-reporting portal that were ineligible or lacked supporting documentation.

⁵ 2 CFR § 200.84 – Questioned Cost

⁶ JAMES is Treasury's audit recommendation tracking system.

Desk Review of the State of Washington

December 19, 2024

OIG-CA-25-025

MEMORANDUM FOR DEBORAH L. HARKER,
ASSISTANT INSPECTOR GENERAL FOR AUDIT

FROM: Wayne Ference
Partner, Castro & Company, LLC

SUBJECT: Desk Review of the State of Washington

On November 7, 2023, we initiated a desk review of the State of Washington's (Washington) use of the Coronavirus Relief Fund (CRF) authorized under Title VI of the Social Security Act, as amended by Title V, Division A of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).¹ The objective of our desk review was to evaluate Washington's documentation supporting its uses of CRF proceeds as reported in the GrantSolutions² portal and to assess the risk of unallowable use of funds. The scope of our desk review was limited to obligation and expenditure data for the period of March 1, 2020 through September 30, 2023,³ as reported in the GrantSolutions portal.

As part of our desk review, we performed the following:

- 1) reviewed Washington's quarterly Financial Progress Reports (FPRs) submitted in the GrantSolutions portal through September 30, 2023;
- 2) reviewed the *Department of the Treasury's (Treasury) Coronavirus Relief Fund Guidance* as published in the Federal Register on January 15, 2021;⁴

¹ P.L. 116-136 (March 27, 2020).

² GrantSolutions, a grant and program management Federal shared service provider under the United States (U.S.) Department of Health and Human Services, developed a customized and user-friendly reporting solution to capture the use of CRF payments from prime recipients.

³ Washington fully expended their total CRF proceeds as of September 30, 2023. Castro set the scope end date to September 30, 2023, which was the date of Washington's last reporting submission within the GrantSolutions portal.

⁴ Coronavirus Relief Fund Guidance as published in the Federal Register (January 15, 2021).
https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf

Desk Review of the State of Washington

- 3) reviewed Treasury Office of Inspector General's (OIG) *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*;⁵
- 4) reviewed Treasury OIG's monitoring checklists⁶ of Washington's quarterly FPR submissions for reporting deficiencies;
- 5) reviewed other audit reports issued, such as Single Audit Act reports,⁷ and those issued by the Government Accountability Office and other applicable Federal agency OIGs for internal control or other deficiencies that may pose risk or impact Washington's uses of CRF proceeds;
- 6) reviewed Treasury OIG Office of Investigations, the Council of the Inspectors General on Integrity and Efficiency Pandemic Response Accountability Committee,⁸ and Treasury OIG Office of Counsel input on issues that may pose risk or impact Washington's use of CRF proceeds;
- 7) interviewed key personnel responsible for preparing and certifying Washington's GrantSolutions portal quarterly FPR submissions, as well as officials responsible for obligating and expending CRF proceeds;

⁵ Department of the Treasury Office of Inspector General *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping* OIG-20-028R; March 2, 2021.

⁶ The checklists were used by Treasury OIG personnel to monitor the progress of prime recipient reporting in the GrantSolutions portal. GrantSolutions quarterly submission reviews were designed to identify material omissions and significant errors, and where necessary, included procedures for notifying prime recipients of misreported data for timely correction. Treasury OIG followed the *CRF Prime Recipient Quarterly GrantSolutions Submissions Monitoring and Review Procedures Guide*, OIG-CA-20-029R to monitor the prime recipients on a quarterly basis.

⁷ P. L. 104-156 (July 5, 1996) The Single Audit Act of 1984, as amended in 1996, requires entities who receive federal funds in excess of \$750,000 to undergo an annual audit of those Federal funds. The act was enacted for the purpose of promoting sound financial management, including effective internal controls, with respect to Federal awards administered by non-Federal entities and to establish uniform requirements for audits. This prime recipient was subject to those audit requirements, and Castro reviewed applicable prior year single audit reports as part of our desk review risk assessment procedures.

⁸ Section 15010 of P.L. 116-136, the CARES Act, established the Pandemic Response Accountability Committee within the Council of the Inspectors General on Integrity and Efficiency to promote transparency and conduct and support oversight of covered funds (see Footnote 15 for a definition of covered funds) and the coronavirus response to (1) prevent and detect fraud, waste, abuse, and mismanagement; and (2) mitigate major risks that cut across program and agency boundaries.

Desk Review of the State of Washington

- 8) made a non-statistical selection of Contracts, Grants, Transfers,⁹ Direct Payments, Aggregate Reporting,¹⁰ and Aggregate Payments to Individuals¹¹ data identified through GrantSolutions portal reporting; and
- 9) evaluated documentation and records used to support Washington's quarterly FPRs.

Based on our review of Washington's documentation supporting the uses of its CRF proceeds as reported in the GrantSolutions portal, we determined that the expenditures related to the Contracts greater than or equal to \$50,000 and Aggregate Reporting less than \$50,000 payment types complied with the CARES Act and Treasury's Guidance. Also, we determined that the expenditures related to the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types did not comply with the CARES Act and Treasury's Guidance.

We identified unsupported and ineligible questioned costs of \$14,085,335 and \$283,599, respectively, with total questioned costs of \$14,368,934. We also determined Washington's risk of unallowable use of funds is high.

Castro recommends that Treasury OIG follow-up with Washington's management to confirm if the \$14,085,335 noted as unsupported expenditures within the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types can be supported. If support is not provided, Treasury OIG should recoup the funds or request Washington management to provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance.

⁹ A transfer to another government entity is a disbursement or payment to a government entity that is legally distinct from the prime recipient.

¹⁰ Prime recipients were required to report CRF transactions greater than or equal to \$50,000 in detail in the GrantSolutions portal. Transactions less than \$50,000 could be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

¹¹ Obligations and expenditures for payments made to individuals, regardless of amount, were required to be reported in the aggregate in the GrantSolutions portal to prevent inappropriate disclosure of personally identifiable information.

Desk Review of the State of Washington

In addition, Castro recommends that Treasury OIG request Washington management to provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance for the \$283,599 of ineligible costs charged to the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types. If support is not provided, Treasury OIG should recoup the funds.

Further, based on Washington's responsiveness to Treasury OIG's requests and its ability to provide sufficient documentation and/or replace unsupported and ineligible transactions charged to CRF with valid expenditures, Castro recommends Treasury OIG determine the feasibility of conducting an audit for the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types.

At the time of desk review fieldwork, Castro noted that Washington had findings in their Single Audit Reports for fiscal years 2020, 2021, and 2022, which we have summarized below:

- Washington's fiscal year 2020 Single Audit report was published on December 17, 2020, and the auditor determined unsupported questioned costs specific to the CRF in the amount of \$49,228,368.
- Washington's fiscal year 2021 Single Audit report was published on December 21, 2021, and the auditor determined unsupported questioned costs specific to the CRF in the amount of \$4,124,518.
- Washington's fiscal year 2022 Single Audit report was published on December 20, 2022, and the auditor determined unsupported questioned costs specific to the CRF in the amount of \$74,784.

Castro recommends that Treasury OIG follow-up with Treasury's Office of Capital Access to ensure that management decision letters are issued on the CRF specific findings identified by the auditor in these Single Audit reports. Washington's fiscal year 2023 Single Audit report was published on December 7, 2023, and did not include any CRF related questioned costs. We recommend Treasury OIG follow-up on any CRF specific questioned costs reported in the fiscal year 2020, 2021, and 2022 Single Audit reports.

Non-Statistical Transaction Selection Methodology

Treasury issued a \$2,167,079,311 CRF payment to Washington. As of September 30, 2023, Washington’s cumulative obligations and expenditures were both \$2,166,901,344, which reflected a total of \$177,967 in CRF proceeds that was returned to Treasury. Washington’s cumulative obligations and expenditures by payment type are summarized below.

Payment Type	Cumulative Obligations	Cumulative Expenditures
Contracts >= \$50,000	\$ 14,819,088	\$ 14,819,088
Grants >= \$50,000	\$ 420,637,672	\$ 420,637,672
Loans >= \$50,000	\$ -	\$ -
Transfers >= \$50,000	\$ 135,621,280	\$ 135,621,280
Direct Payments >= \$50,000	\$ 7,954,638	\$ 7,954,638
Aggregate Reporting < \$50,000	\$ 2,576,812	\$ 2,576,812
Aggregate Payments to Individuals (in any amount)	\$ 1,585,291,854	\$ 1,585,291,854
Totals	\$ 2,166,901,344	\$ 2,166,901,344

Castro made a non-statistical selection of payments in the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types. Selections were made using auditor judgment based on information and risks identified in reviewing audit reports, the GrantSolutions portal reporting anomalies¹² identified by the Treasury OIG CRF monitoring team, and review of Washington’s FPR submissions. Washington did not obligate or expend CRF proceeds to the Loans greater than or equal to \$50,000 payment type; therefore, we did not select transactions from this payment type.

The number of transactions (25) we selected to test were based on Washington’s total CRF award amount and Castro’s overall risk assessment of Washington. To allocate the number of transactions (25) by payment type (Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals), we compared the total payment type dollar amounts as a percentage of cumulative expenditures as of September 30, 2023. The transactions tested were not selected statistically, and therefore results could not be extrapolated to the total universe of transactions.

¹² Treasury OIG had a pre-defined list of risk indicators that were triggered based on data submitted by prime recipients in the FPR submissions that met certain criteria. Castro reviewed these results provided by Treasury OIG for the prime recipient.

Background

The CARES Act appropriated \$150 billion to establish the CRF. Under the CRF, Treasury made payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories, including the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and Tribal governments (collectively referred to as “prime recipients”). Treasury issued a \$2,167,079,311 CRF payment to Washington. The CARES Act stipulates that a prime recipient may only use the funds to cover costs that —

- (1) were necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease 2019 (COVID-19);
- (2) were not accounted for in the budget most recently approved as of March 27, 2020; and
- (3) were incurred during the covered period between March 1, 2020 and December 31, 2021.¹³

Section 15011 of the CARES Act required each covered recipient¹⁴ to submit to Treasury and the Pandemic Response Accountability Committee, no later than 10 days after the end of each calendar quarter, a report that contained (1) the total amount of large, covered funds^{15,16} received from Treasury; (2) the amount of large, covered funds received that were expended or obligated for each project or activity; (3) a detailed list of all projects or activities for which large, covered funds were expended or obligated; and (4) detailed information on any level of sub-contracts or sub-grants awarded by the covered recipient or its sub-recipients. The CARES Act assigned Treasury OIG the responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of CRF proceeds. Treasury OIG also has the authority to recoup funds in the event it is determined a

¹³ P.L. 116-260 (December 27, 2020). The period of performance end date of the CRF was extended through December 31, 2021 by the Consolidated Appropriations Act, 2021. The period of performance end date for tribal entities was further extended to December 31, 2022 by the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act, Division LL of the Consolidated Appropriations Act, 2023, P.L. 117-328, December 29, 2022, 136 Stat. 4459.

¹⁴ Section 15011 of P.L. 116-136, the CARES Act, defined a covered recipient as any entity that received large, covered funds and included any State, the District of Columbia, and any territory or possession of the United States.

¹⁵ Section 15010 of P.L. 116-136, the CARES Act, defined covered funds as any funds, including loans, that were made available in any form to any non-Federal entity, not including an individual, under Public Laws 116-123, 127, and 136, as well as any other law which primarily made appropriations for Coronavirus response and related activities.

¹⁶ Section 15011 of P.L. 116-136, the CARES Act, defined large, covered funds as covered funds that amounted to more than \$150,000.

Desk Review of the State of Washington

prime recipient failed to comply with requirements of subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)).

Desk Review Results

Financial Progress Reports

We reviewed Washington's quarterly FPRs through September 30, 2023, and found that Washington timely filed quarterly FPRs in the GrantSolutions portal in compliance with Treasury OIG's reporting requirements for the periods ending June 30, 2020 through December 31, 2022 and the period ending September 30, 2023. Further, FPRs for periods ending March 31, 2023 and June 30, 2023 were not submitted by Washington because Washington completed the closeout section of the FPR as of December 31, 2022. We confirmed the September 30, 2023 FPR was submitted due to significant adjustments that Washington made to that FPR. In addition, Washington checked the completion box in the FPR as of September 30, 2023 indicating Washington completed CRF reporting.

Summary of Testing Results

We found that Contracts greater than or equal to \$50,000 and Aggregate Reporting less than \$50,000 payment types complied with the CARES Act and Treasury's Guidance. In addition, we found that the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types did not comply with the CARES Act and Treasury's Guidance because we were unable to determine if all tested expenditures were necessary due to the COVID-19 public health emergency, were not accounted for in the budget most recently approved as of March 27, 2020, and were incurred during the covered period. The transactions selected for testing were not selected statistically, and therefore results could not be extrapolated to the total universe of transactions.

Desk Review of the State of Washington

Within Table 1 below, we have included a summary of \$2,687,244 in unsupported and ineligible expenditures identified as questioned costs through our testing of detailed transactions, which did not comply with the CARES Act and Treasury’s Guidance. Castro also identified other matters throughout the course of our desk review procedures which we considered to be questioned costs that were not part of our testing of detailed transactions. Table 2 below combines the questioned costs identified in Table 1 with the other questioned costs of \$11,681,690 identified separately from our detailed transaction testing to account for total questioned costs of \$14,368,934. See the Desk Review Results section below Table 2 for a detailed discussion of questioned costs and other issues identified throughout the course of our desk review.

**Table 1 - Summary of Expenditures Testing and Recommended Results
As of September 30, 2023**

Payment Type	Cumulative Expenditure Population Amount	Cumulative Expenditure Tested Amount	Unsupported Tested Questioned Costs	Ineligible Tested Questioned Costs	Total Tested Questioned Costs
Contracts >= \$50,000	\$ 14,819,088	\$ 926,026	\$ -	\$ -	\$ -
Grants >= \$50,000	\$ 420,637,672	\$ 309,267	\$ -	\$ 240,920	\$ 240,920
Loans >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers >= \$50,000	\$ 135,621,280	\$ 8,333	\$ 2,100	\$ 6,233	\$ 8,333
Direct Payments >= \$50,000	\$ 7,954,638	\$ 120,000	\$ -	\$ -	\$ -
Aggregate Reporting < \$50,000	\$ 2,576,812	\$ 36,379	\$ -	\$ -	\$ -
Aggregate Payments to Individuals (in any amount)	\$ 1,585,291,854	\$ 2,880,163	\$ 2,401,545	\$ 36,446	\$ 2,437,991
Totals	\$ 2,166,901,344	\$ 4,280,168	\$ 2,403,645	\$ 283,599	\$ 2,687,244

Desk Review of the State of Washington

**Table 2 – Summary of Expenditures Tested and Other Matters and Recommended Results
As of September 30, 2023**

Payment Type	(A) Unsupported Questioned Costs (Tested)	(B) Unsupported Questioned Costs (Other Matters)	(C=A+B) Total Unsupported Questioned Costs	(D) Ineligible Questioned Costs (Tested)	(E) Ineligible Questioned Costs (Other Matters)	(F=D+E) Total Ineligible Questioned Costs	(G=C+F) Total Questioned Costs
Contracts >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants >= \$50,000	\$ -	\$ 10,772,591	\$ 10,772,591	\$ 240,920	\$ -	\$ 240,920	\$ 11,013,511
Loans >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers >= \$50,000	\$ 2,100	\$ 492,084	\$ 494,184	\$ 6,233	\$ -	\$ 6,233	\$ 500,417
Direct Payments >= \$50,000	\$ -	\$ 417,015	\$ 417,015	\$ -	\$ -	\$ -	\$ 417,015
Aggregate Reporting < \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Payments to Individuals (in any amount)	\$ 2,401,545	\$ -	\$ 2,401,545	\$ 36,446	\$ -	\$ 36,446	\$ 2,437,991
Totals	\$ 2,403,645	\$ 11,681,690	\$ 14,085,335	\$ 283,599	\$ -	\$ 283,599	\$ 14,368,934

Desk Review of the State of Washington

Contracts Greater Than or Equal to \$50,000

We determined Washington's Contracts greater than or equal to \$50,000 complied with the CARES Act and Treasury's Guidance. We tested one contract totaling \$926,026 and identified no exceptions. The contract tested included expenditures for the purchase of a one-year online search engine subscription within the covered period to implement a chat bot which immediately responded to unemployment insurance applicants to improve response times during the COVID-19 pandemic.

Grants Greater Than or Equal to \$50,000

We determined Washington's Grants greater than or equal to \$50,000 did not comply with the CARES Act and Treasury's Guidance. We tested five grants totaling \$309,267. The grants tested included expenditures for small business assistance grants to reimburse for reopening or maintenance costs, and rental assistance programs that prevented eviction for tenants with past due payments during the COVID-19 pandemic. We identified exceptions related to three tested grants; however, only one resulted in ineligible questioned costs of \$240,920, as detailed below.

Additionally, we identified unsupported questioned costs of \$10,772,591 outside of our detailed testing of transactions. These questioned costs related to Washington's GrantSolutions portal reconciliation errors, as detailed below.

Grant Exception #1 - Working Washington Small Business Grant Program¹⁷

Washington claimed \$236,183,530 and we tested \$35,000 in expenses for the Working Washington Small Business Grant Program created by the Washington Department of Commerce to assist businesses with operating expenses for reopening during the pandemic. The Working Washington Small Business Grant Program established a maximum amount of up to \$25,000 for each awardee. We noted the transaction amount we tested exceeded the maximum award amount by \$10,000 per the Working Washington Small Business Grant Program guidelines.

¹⁷ Grant Exception #1 – Working Washington Small Business Grant Program section did not contribute to the combined unsupported and ineligible questioned costs as part of Washington's CRF Desk Review. Washington management completed their corrective action plan to return the duplicate payment of \$17,500 to Treasury. However, the return to Treasury occurred subsequent to Washington's last submission within the GrantSolutions portal of September 30, 2023, which was Castro's scope end date for our desk review. Since there were still exceptions identified related to this grant program during our scope period for our desk review, this grant program contributed to a matter for Treasury OIG consideration.

Desk Review of the State of Washington

We requested Washington management to explain the \$10,000 excess payment amount beyond the \$25,000 maximum amount allotted per awardee. Washington management elaborated that the small business received two payments of \$17,500 at different times. Due to our fieldwork procedures, Washington management returned the \$17,500 to Treasury, and Treasury OIG confirmed the return occurred after the close of the GrantSolutions portal reporting as of September 30, 2023. We concluded Washington management completed their corrective action plan, which resulted in no ineligible questioned costs noted for the purpose of this desk review report.

Castro noted that Washington awarded 11,713 small businesses a total of \$236,183,530 in granted funds within its Working Washington Small Business Grant Program. Since Castro identified ineligible balances during our fieldwork procedures within the Working Washington Small Business Grant Program payments, we recommend that Treasury OIG perform additional follow-up with Washington to determine if there were other instances of ineligible balances resulting from exceeding the maximum award amount within the Working Washington Small Business Grant Program.

Grant Exception #2 – Eviction Rent Assistance Grant Program

Washington claimed and we tested \$240,920 in expenses to Clark County for COVID-19 related rental assistance programs. We noted the expenditure support provided by Washington for the Clark County grant referenced another Treasury federal program, Treasury Rental Assistance Program (T-RAP). Washington failed to provide the requested obligation support such as grant agreements, scope of work, period of performance, and consideration amount for Washington's Eviction Rent Assistance Program (ERAP).¹⁸ Due to the lack of evidence, we determined Washington used CRF proceeds to reimburse other federal program expenditures, resulting in ineligible questioned costs of \$240,920, as detailed further below.

Based on the support provided, we requested Washington provide additional support for T-RAP to gain a better understanding of whether this was a clerical error or other federal funding program expenditures were reimbursed with CRF proceeds. In response, Washington stated that the "CRF funds were first used for ERAP ended June 2021. The T-RAP started March 2021, so there were 3 months of

¹⁸ The Eviction Rent Assistance Program (ERAP) Grant was part of Washington State's response to the COVID-19 disaster, intended to prevent evictions that would contribute to the spread of the virus by paying past due, current due, and future rent, targeting limited resources to those with the greatest needs while working to distribute funds equitably. The Office of Homeless Youth and the Office of Family and Adult Homelessness in the Housing Assistance Unit at the Washington Department of Commerce administered state and federal funds to support homeless crisis response systems in Washington.

Desk Review of the State of Washington

overlap between the programs. T-RAP/CRF funds provided rental assistance payments directly to landlords, and utility payments directly to utility companies. The T-RAP program mostly provided payments to those entities directly as well; however, Treasury allowed payments to be made directly to tenants if the landlord was unresponsive. Even so, most subrecipients opted not to provide funds to tenants, so most T-RAP payments only went to landlords and utility companies.” We noted Washington’s elaborations corroborated that the two rental assistance programs overlapped, which indicated Washington’s controls surrounding financial reporting were not efficient or effective for tracking federal funding sources/expenditures. As a result, we determined Washington did not adhere to *Department of the Treasury’s (Treasury) Coronavirus Relief Fund Guidance* as published in the Federal Register on January 15, 2021, FAQ’s #7 & 8.¹⁹

We were unable to determine if this incident of using CRF proceeds to pay for another federal funding program’s expenditures was isolated. Therefore, we recommend Treasury OIG perform additional follow-up with Washington to determine if there were other instances of commingling of funds where CRF proceeds were claimed for other federal programs.

Grant Exception #3 – Eviction Rent Assistance Grant Program

Washington claimed \$29,416,663 in grant expenses related to Washington’s Department of Commerce ERAP for King County. We tested \$15,305 in expenditures passed through by Washington’s Department of Commerce to residents and/or tenants who were awarded funds under ERAP during the COVID-19 pandemic.

We noted the supporting documentation was sufficient to justify the allowable use of CRF proceeds in accordance with the CARES Act and Treasury’s Guidance. The ERAP guidelines required two documents to be submitted to review the eligibility criteria of an applicant: the payment agreement and household information and

¹⁹ FAQ #7: Are recipients required to use other federal funds or seek reimbursement under other federal programs before using Fund payments to satisfy eligible expenses? No. Recipients may use Fund payments for any expenses eligible under section 601(d) of the Social Security Act outlined in the Guidance. Fund payments are not required to be used as the source of funding of last resort. However, as noted below [in FAQ #8], recipients may not use payments from the Fund to cover expenditures for which they will receive reimbursement.

FAQ #8: Are there prohibitions on combining a transaction supported with Fund payments with other CARES Act funding or COVID–19 relief Federal funding? Recipients will need to consider the applicable restrictions and limitations of such other sources of funding. In addition, expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds, are not eligible uses of Fund payments.

Desk Review of the State of Washington

eligibility forms. The required documents were completed and submitted with the application; however, we noted an error in the approved months of rent in comparison to the payment details. The ERAP form only approved the application for five months in arrears and one future rent payment for a total of six months. Based on Castro's review of the applicant's ERAP form, the landlord was paid for eight months of rent instead of six. This would have resulted in ineligible questioned costs of \$3,666. Due to our fieldwork procedures, Washington management returned the \$3,666 to Treasury, and Treasury OIG confirmed the return occurred after the close of the GrantSolutions portal reporting as of September 30, 2023. We concluded Washington management completed their corrective action plan which resulted in no questioned costs noted for the purpose of this desk review report.

Grants Greater Than or Equal to \$50,000 Reconciliation Errors

Additionally, our initial transaction selections related to Grants greater than or equal to \$50,000 were reported at the aggregate level and required Castro to select transactions at a more detailed level. After reviewing the supporting documentation for the grant selections obtained from Washington, we noted material variances between the expenditures provided from the general ledger (GL), and the amounts claimed in the GrantSolutions portal, overstating the Grants greater than or equal to \$50,000 balances as of September 30, 2023 by \$10,772,591. After further review, it appeared that Washington management overstated the amounts claimed in the GrantSolutions portal when compared to the actual expenditures the state agencies reported. We asked Washington management to elaborate on the issue; and Washington management was unable to provide the cause of the error. Further, we were unable to determine if the overstatement of claimed costs was an isolated incident. As a result, we estimated this reporting discrepancy potentially occurred in multiple payment types as Washington failed to ensure the cumulative obligations and expenditures reported within the GrantSolutions portal were accurate and complete. For example, Washington management was not able to reconcile its Aggregate Payments to Individuals balances into the different category types. Refer to Aggregate Payments to Individuals Review Results section.

We determined Washington management's internal controls surrounding the GrantSolutions portal reporting were ineffective, which was consistent with the material weaknesses and significant deficiencies identified in the fiscal years (FY) 2020 through 2022 State of Washington Single Audit report findings. In addition, Washington operated in a decentralized manner resulting in the cumulative level expenditures being tracked and maintained by multiple state agencies.

Desk Review of the State of Washington

Washington's management stated that its CRF reporting processes prevented them from performing a quality control review of the support provided by the agencies prior to certifying each GrantSolutions portal quarterly submission. Washington also noted that its CRF reporting process lacked proper communication between state agencies. As a result, we identified material variances between the GL details and amounts claimed in the GrantSolutions portal as of September 30, 2023 that represented overstated unsupported questioned costs of \$10,772,591. We recommend Treasury OIG determine the feasibility of performing additional procedures over Washington's Grants greater than or equal to \$50,000 payment type GrantSolutions portal reconciliation procedures.

Transfers Greater Than or Equal to \$50,000

We determined Washington's Transfers greater than or equal to \$50,000 did not comply with the CARES Act and Treasury's Guidance. We tested two transfers totaling \$8,333. The transfers tested included expenditures for the purchase of student economic relief programs to assist students with education stabilization, and civil legal services to families and individuals in core areas of primary need during the COVID-19 pandemic. We identified exceptions related to both transfers tested, which resulted in ineligible questioned costs of \$6,233, and \$2,100 in unsupported questioned costs, respectively, for a total of \$8,333 of questioned costs, as detailed below.

Additionally, we identified unsupported questioned costs of \$492,084 separate from our testing of detailed transactions. These questioned costs resulted from our review of expenditures categorized as "Items Not Listed Above" (INLA)²⁰ in the transfers payment type. This increased the grand total of unsupported questioned costs from \$8,333 to \$500,417.

Further, we identified two reporting misclassifications related to Transfers greater than or equal to \$50,000 that we determined should have been reported as Grants greater than or equal to \$50,000 in the GrantSolutions portal, resulting in non-compliance with Treasury's Guidance.

²⁰ The GrantSolutions portal required expenditures to be categorized by the type of expenditure (for example, nursing home assistance, contact tracing and testing, small business assistance, etc.). For those expenditures that did not fit in one of the pre-defined categories, the prime recipient was allowed to choose the category "Items Not Listed Above".

Transfer Exception #1 – Office of Civil and Legal Aid Transfers to the Northwest Justice Project to Mitigate Social and Economic Consequences of COVID-19

Washington claimed \$2,300,000 in expenditures passed through by the Washington Office of Civil Legal Aid²¹ (sub-recipient) to the Northwest Justice Project (NJP) for services to help mitigate the social and economic consequences of the COVID-19 pandemic by:

- protecting employee rights to safe working conditions, reemployment rights during recovery, and access to unemployment insurance and state Family Medical Leave Act benefits for those with a legal entitlement to the same;
- protecting the rights of tenants and homeowners to live in their homes and access critically needed rental and mortgage assistance programs;
- protecting the health and safety of domestic violence and sexual assault victims and their family members from the exponential rise in such crimes as a result of the economic, social distancing, and other stresses directly associated with the COVID-19 emergency; and
- ensuring that COVID-19 affected families and individuals had access to federal, state, and local income, food, and housing assistance.

For the \$6,233 transaction tested, we noted NJP used the CRF proceeds to pay rent expense allocations using indirect rates which was not an eligible or allowable use of CRF proceeds, resulting in ineligible questioned costs of \$6,233. Treasury's CRF Guidance published in the Federal Register²² stated that recipients may not apply their indirect costs rates to payments received from the fund.

Additionally, for the one transaction tested, Washington management erroneously reported a payment to themselves, which we identified as a reporting error that was non-compliant with Treasury's Guidance. We confirmed Washington management entered the Office of Civil Legal Aid as the sub-recipient's name, which was not properly reported in the GrantSolutions portal as of September 30, 2023, as the Office of Civil Legal Aid is an arm of the Washington state government. We also noted this transaction claimed under Transfers greater than or equal to \$50,000 was a reporting misclassification that should have been correctly reported under Grants greater than or equal to \$50,000.

²¹ The Office of Civil Legal Aid is a state agency that is part of the prime recipient, Washington's, government.

²² Coronavirus Relief Fund Guidance as published in the Federal Register (January 15, 2021) https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf

Desk Review of the State of Washington

Additionally, Castro noted that Washington claimed \$2,300,000 in expenditures passed through by the Washington Office of Civil Legal Aid to the NJP for services to help mitigate the social and economic consequences of the COVID-19 health and economic disaster, including our reported Transfer greater than equal to \$50,000 ineligible questioned costs of \$6,233. Since Castro identified ineligible questioned costs within the Office of Civil and Legal Aid to the NJP transfer payment we tested, we recommend Treasury OIG determine if there were other instances of ineligible balances related to indirect costs within the expenditures claimed for the Office of Civil and Legal Aid to the NJP.

Transfer Exception #2 – Transfer to Community and Technical Colleges to Columbia Basin Community College for Student Economic Pandemic Assistance

Washington claimed \$258,300, and we tested \$2,100 in expenditures passed through by the Community and Technical Colleges²³ (sub-recipient) to Columbia Basin Community College for student economic assistance during the COVID-19 pandemic. We noted the grant award notification assigned funding to the Washington Office of Superintendent of Public Instruction/U.S. Department of Education's (U.S. DOE) Education Stabilization Fund. We asked Washington management for additional information regarding the total claimed amount and to verify these costs weren't reimbursed with U.S. DOE funding; however, management was unable to provide adequate supporting documentation to justify the eligible and allowable use of CRF proceeds, resulting in unsupported questioned costs of \$2,100.

Additionally, for the one transaction tested, Washington management erroneously reported a payment to themselves as the Community and Technical Colleges are part of the state government. We identified this reporting as non-compliant with Treasury's Guidance. We confirmed Washington management entered the Community and Technical Colleges as the sub-recipient's name which was not properly reported in the GrantSolutions portal as of September 30, 2023. We also noted this transaction claimed under Transfers greater than or equal to \$50,000 as a reporting misclassification that should have been correctly reported under Grants greater than or equal to \$50,000.

Castro noted the support for the student economic assistance transfer transaction totaling \$258,300 referenced the U.S. DOE's Education Stabilization Fund and that the agreement made no mention of the CARES Act. Washington management did not respond to our requests for confirmation that there was no duplication of benefits between CRF and U.S. DOE Education Stabilization Fund for these CRF

²³ The Washington Community and Technical Colleges is a state agency that is part of the prime recipient, Washington's, government.

Desk Review of the State of Washington

expenses claimed. Based on the lack of adequate supporting documentation to justify the eligible and allowable use of CRF proceeds, we recommend Treasury OIG follow-up with Washington management to determine if the remaining balance was funded from another federal program and was similarly unsupported and should be recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance.

Items Not Listed Above Transfers Exception

During our review of the Transfers greater than or equal to \$50,000 INLA expenditure category descriptions from the GrantSolutions portal separate from our detailed transaction testing, we noted Washington provided insufficient responses to our follow-up requests for certain INLA's totaling \$492,084.

Specifically, Washington provided GL details to support the INLA descriptions that were outstanding instead of providing a formally written response or other supporting documentation related to the eligible use of the transactions. We had multiple iterations of follow-up discussions to clear the outstanding items; however, Washington failed to sufficiently respond to our requests. Within the INLA expenditure categories for Transfers greater than or equal to \$50,000, Washington reported the following vague expenditure category description: "To include eligible expenses that are not captured in the available expenditure categories". Due to the lack of responses or further supporting documentation provided by Washington about this vague expenditure category description and our inability to determine the eligibility of these expenditures, we identified these items as unsupported questioned costs totaling \$492,084.

Direct Payments Greater Than or Equal to \$50,000

We determined Washington's Direct Payments greater than or equal to \$50,000 did not comply with the CARES Act and Treasury's Guidance. We tested one transaction totaling \$120,000 and identified no testing exceptions. The purpose of the transaction tested was to provide incentives to facilities that agreed to accept difficult-to-discharge and Medicaid-eligible hospital patients during the pandemic. However, our review of INLA transactions, outside of our original detailed transaction selected for testing, found unsupported questioned costs of \$417,015.

Items Not Listed Above Direct Payments Exception

During our review of the Direct Payments greater than or equal to \$50,000 INLA expenditure category descriptions, we noted Washington provided insufficient responses to our follow-up requests for certain INLAs totaling \$417,015. Specifically, Washington provided GL details to support the INLA descriptions that

Desk Review of the State of Washington

were outstanding instead of providing a formally written response or other supporting documentation related to the eligible use of the transactions. We had multiple iterations of follow-up discussions to clear the outstanding items; however, Washington failed to sufficiently respond to our requests. Within the INLA expenditure categories for Direct Payments greater than or equal to \$50,000, Washington reported a vague expenditure category description as “Various”. Due to the lack of responses provided by Washington to our questions about this INLA expenditure description and our inability to determine the eligibility of these expenditures, we identified these items as unsupported questioned costs totaling \$417,015.

Aggregate Reporting Less Than \$50,000

We determined Washington’s Aggregate Reporting less than \$50,000 complied with the CARES Act and Treasury’s Guidance. We tested one transaction totaling \$36,379 and identified no exceptions. The transaction tested was for the purchase of technology to improve telework capabilities of public employees during the pandemic, and the purchase of personal protective equipment.

Aggregate Payments to Individuals

CRF payments made to individuals, regardless of amount, were required to be reported in the aggregate in the GrantSolutions portal to prevent inappropriate disclosure of personally identifiable information. Castro notes that the Aggregate Payments to Individuals payment type consisted of the below broad types of potential costs, which we have defined from Treasury’s guidance as published in the Federal Register.²⁴ Prime recipients may or may not have claimed all of these types of expenditures.

²⁴ Coronavirus Relief Fund Guidance as published in the Federal Register (January 15, 2021) https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf

Desk Review of the State of Washington

- **Public Health and Safety Payroll**²⁵ – consisted of payroll costs for public health and safety department personnel.
- **Substantially Dedicated Payroll**²⁶ – consisted of payroll costs for non-public health and safety personnel who were substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- **Non-Substantially Dedicated Payroll**²⁷ – consisted of payroll costs for personnel who performed COVID-19 related tasks on a part-time basis.
- **Non-Payroll Expenditures** – consisted of financial assistance payments to citizens due to hardship or loss of income, unemployment claims, and other non-payroll related expenditures made to individuals.

²⁵ Treasury’s Federal Register guidance provided the following examples of public health and safety employees: “police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel...employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.”

²⁶ Substantially dedicated payroll costs meant that personnel must have dedicated over 50 percent of their time to responding or mitigating COVID-19. Treasury’s Federal Register guidance stated: “The full amount of payroll and benefits expenses of substantially dedicated employees may be covered using payments from the Fund. Treasury has not developed a precise definition of what “substantially dedicated” means given that there is not a precise way to define this term across different employment types. The relevant unit of government should maintain documentation of the “substantially dedicated” conclusion with respect to its employees.”

²⁷ Payroll costs that were not substantially dedicated were payroll costs that were not public health and safety, and which were not substantially dedicated to performing COVID-19 related tasks. Treasury’s Federal Register guidance defined more stringent tracking requirements for these types of payroll costs. Specifically, Treasury’s Federal Register stated: “track time spent by employees related to COVID-19 and apply Fund payments on that basis but would need to do so consistently within the relevant agency or department. This means, for example, that a government could cover payroll expenses allocated on an hourly basis to employees’ time dedicated to mitigating or responding to the COVID-19 public health emergency.”

Desk Review of the State of Washington

Castro noted that public health and safety payroll transactions were subject to Treasury's administrative accommodation,²⁸ and therefore, were subject to less detailed documentation requirements. Castro tested public health and safety payroll transactions by reviewing itemized payroll distribution reports to support these balances. Substantially dedicated and non-substantially dedicated payroll balances were not subject to this administrative accommodation, and therefore, Castro tested these transactions by reviewing documentation of the "substantially dedicated" conclusion with respect to the State's employees, payroll distribution files, and also by performing tests over specific employee timesheet submissions. Transactions classified as non-payroll expenditures vary depending on the type of expenses that were reimbursed with CRF proceeds, and therefore, Castro performed analytical procedures and testing on transactions by reviewing the applicable underlying guidelines and details provided as support by Washington.

Castro requested Washington's Aggregate Payments to Individuals (API) analysis with the breakout of API category types described above; however, Washington was unable to complete an accurate analysis. As a result, we performed alternative procedures to make the API transaction selections and obtain adequate coverage for testing purposes. We confirmed the GL details reconciled to the amounts claimed in the GrantSolutions portal as of September 30, 2023. We considered the universe of the GL population categorized as API to be subject to selection as part of the transaction selection methodology. We recommend Treasury OIG require Washington management to properly segregate the API expenditures based on the defined categories above. In addition, based on those details and the significant number of API testing errors detailed below, we recommend Treasury OIG determine the feasibility of performing a limited scope review of the API payment type transactions that were not subject to our desk review procedures.

²⁸ Treasury's Federal Register guidance stated that an administrative accommodation was, "In recognition of the particular importance of public health and public safety workers to State, local, and tribal government responses to the public health emergency, Treasury has provided, as an administrative accommodation, that a State, local, or tribal government may presume that public health and public safety employees meet the substantially dedicated test...This means that, if this presumption applies, work performed by such employees is considered to be a substantially different use than accounted for in the most recently approved budget as of March 27, 2020. All costs of such employees may be covered using payments from the Fund for services provided during the period that begins on March 1, 2020, and ends on December 31, 2021."

Desk Review of the State of Washington

We determined that Washington's Aggregate Payments to Individuals did not comply with the CARES Act and Treasury's Guidance. We tested 15 transactions²⁹ totaling \$2,880,163. We identified seven exceptions, resulting in unsupported questioned costs of \$2,401,545 and ineligible questioned costs of \$36,446, respectively, for total questioned costs of \$2,437,991 as detailed below.

Unemployment Replenishment Analysis

Castro noted Washington reported total CRF expenses of \$74,956,300 in Unemployment Insurance (UI) Trust Fund Balance replenishment payments. Of this amount, we tested a total of \$2,372,051 in UI related transactions. Washington's Employment Security Department performed a UI Trust Fund replenishment trend analysis supporting how it determined that the change in this balance (UI claims paid) occurred due to COVID-19 pandemic and not due to UI claims that would have been paid regardless of the pandemic.

Washington experienced a significant decline of \$3,234,271,140 in the UI Trust Fund balance from March 2020 through March 2021. In addition, by September 2022, the UI Trust Fund Balance was still \$1,753,540,915 less than at the start of the pandemic. Castro obtained and inspected the bank statements to support key UI Trust Fund balances included within Washington's UI replenishment trend analysis. We noted the UI replenishment trend analysis summarized the inflows and outflows of the UI Trust Fund balance during the covered period. Castro inquired whether Washington utilized other federal funding sources to reimburse unemployment related expenditures, however, Washington management was unable to provide an analysis that segregated the other federal funding sources. While Castro noted the UI Trust Fund Balance was still \$1,753,540,915 less than at the start of the pandemic, Castro determined that without Washington's detailed unemployment claims analysis that segregated the

²⁹ Of the 15 API transactions tested, five were for substantially dedicated or public health and safety personnel, one was non-substantially dedicated, and nine were non-payroll related costs. The five substantially dedicated or public health and safety personnel transactions consisted of payroll costs for the Office of Civil Legal Aid employees who supported legal matters related to massive economic disruption due to the COVID-19 pandemic; payroll costs for Department of Corrections officers; payroll costs for Department of Health employees who specialized in medical epidemiology, laboratories, infectious diseases, and environmental research related to the COVID-19 pandemic; payroll costs for University of Washington medical facilities; and payroll costs for registered nurses and clinical directors at Rainer State School's residential habilitation center. We noted the one non-substantially dedicated payroll cost was for the Office of Attorney General consumer protection division employees who charged time to COVID-19 related topics, such as vaccines, masking, gyms, healthcare, price gouging, complaints, reporting, investigation, and research. Further, the nine non-payroll related costs were for unemployment benefit claims; unemployment offset charges to businesses; and per diem for COVID-19 related tasks including lodging, meals, and mileage.

Desk Review of the State of Washington

other federal funding sources, we were unable to conclude upon whether Washington duplicated benefits with other federal funding sources. Therefore, Castro recommends Treasury OIG follow-up with Washington management and request Washington perform an assessment of the unemployment claims analysis that includes the breakout of all other federal funding sources used to pay UI related expenses. Additionally, we recommend Treasury OIG review the analysis performed by Washington to determine whether Washington duplicated benefits or augmented the UI Trust Fund balance using CRF proceeds.

API Exception #1 – Unemployment Claims and Benefit Payments Managed by Washington’s Employment Security Department

Washington claimed \$49,956,300 in expenditures for unemployment claims and benefit payments managed by Washington’s Employment Security Department (ESD) issued to state residents who were unemployed during the COVID-19 pandemic. We were unable to determine if the unemployment expenditures claimed by Washington in the GrantSolutions portal were disbursed for CRF specific programs. In the supporting documentation provided by Washington, ESD referenced the U.S. Department of Labor’s (DOL) Pandemic Unemployment Assistance (PUA) Program. After external research, we determined that the PUA was related to the DOL Unemployment Insurance Program.

Per Washington’s FY 2020 Single Audit Report, the PUA program was funded by other Treasury or pandemic relief funding sources, including the DOL. As a result, since the supporting documentation provided for the transaction referenced the PUA program, it appeared CRF proceeds were utilized to cover unemployment costs for another federal program resulting in likely ineligible payments of \$49,956,300. We also noted that an FY 2020 single audit finding 2020-010 identified questioned costs and likely improper payments related to the PUA program. In addition, Washington’s state auditors identified several instances of fraudulent unemployment claims under the PUA. ESD disclosed information about the unemployment claim fraud in its management response to the Single Audit finding. According to ESD management, they transparently shared information about the imposter fraud and its response and by prompt and extensive effort, ESD had recovered a total of \$356.4 million as of November 2020. ESD continues to conduct investigations into suspected fraudulent claims and work with federal law enforcement and the banking industry to recover additional fraudulent payments.

We were unable to substantiate the suspected fraudulent claims mentioned above related to our transaction selections. Castro tested five transactions totaling \$2,750. We requested applications, unemployment program guidelines/requirements, and evidence that the individuals were eligible for

Desk Review of the State of Washington

unemployment claims. Washington did not provide the requested support by our end of fieldwork, resulting in unsupported questioned costs of the entire \$2,750.

As noted above, it appeared that Washington commingled federal funding sources and reported expenditures under the CRF. For instance, it appeared Washington used CRF proceeds to pay for PUA unemployment expenditures. Castro noted during our review of the \$49,956,300 in expenditures for unemployment claims and benefit payments, including our reported API unsupported questioned costs of \$2,750, the supporting documentation referenced the DOL's PUA and made no mention of the CRF or the CARES Act. Castro asked Washington management to confirm the CRF claimed unemployment expenditures provided were not also claimed using PUA funds. Washington did not respond to our requests for confirmation that there was no duplication of benefits between CRF and other federal funding for these CRF expenses claimed. Based on the lack of adequate supporting documentation to justify the eligible and allowable use of CRF proceeds, we recommend Treasury OIG follow-up with Washington management to determine if the remaining balance was similarly unsupported and should be recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance.

API Exception #2 – Unemployment Offset Charges

Washington claimed \$25,000,000 in expenditures managed by Washington's ESD, issued to employers for unemployment offset charges³⁰ to current account balances. ESD notified employers that a new law was passed appropriating \$25,000,000 in CRF proceeds to offset benefit charges³¹ that would not count towards the employer's Experience Rating³² for FY 2021. The offset was applied to unemployment benefits paid in quarters one and two of FY 2020 (January 1, 2020 through June 30, 2020) for employees that were temporarily laid off due to COVID-19 or had since returned to work for their employer. ESD determined the offset amount by utilizing a formula that included the employer's qualifying benefit charges in the first and second quarters of 2020, the amount of money in

³⁰ Unemployment Offset Charges represented the unemployment contributions from the employer within the current fiscal year to the state's Unemployment Insurance Trust Fund balance; however, Washington passed a law that authorized a program that allowed employers to reduce the amount of unemployment contributions. This program was known as the unemployment offset charge in response to the COVID-19 pandemic.

³¹ Benefit charges are the employers' share of unemployment benefits that the State of Washington Employment Security Department paid to the employers' former employees.

³² Experience Ratings are used by government agencies and insurance providers to calculate the employers' tax rate or premiums based on those employers past claims or contributions. The purpose of the program authorized by legislation was to offset part of the benefit charges, which could reduce the employers' 2021 tax rate.

Desk Review of the State of Washington

the COVID-19 unemployment account, and the total amount of benefit charges in all the applications approved.

For eight transactions tested totaling \$2,369,301, we did not receive sufficient supporting documentation to justify the unemployment offset charges were an appropriate use of CRF proceeds in accordance with the CARES Act and Treasury's Guidance, resulting in unsupported questioned costs of \$2,369,301, as detailed below.

- For five transactions tested totaling \$2,236,604, ESD gathered the relevant raw data for these transactions, which were comprised of the listing of employers, whether the charges were incurred in FY 2020 quarter one or quarter two, the total quarterly benefit charges, and the offset charges. We inspected the raw data and reperformed the calculation and arrived at the same offset charges; however, we requested that Washington management provide the employers' official source documentation to evidence the employers' outstanding benefit charges were approved and offset by ESD using CRF. As part of the program's requirements, Washington's regular process was to notify the employers of the tax rate changes with a letter detailing that their unemployment benefit charges were offset. Castro requested that Washington provide us with these letters so we that we could corroborate these CRF claims were a necessary expense due to the pandemic; however, Washington did not respond to our request. Without the official source documentation, Castro questioned \$2,236,604 as unsupported.
- For two transactions tested totaling \$126,536, Castro issued follow-up questions to clarify the nature of the expenditures. Washington management provided email correspondence and described that the employers' benefit charges were zero; therefore, no balances were available to offset. Washington did not reverse this expense from the GrantSolutions portal as of September 30, 2023. As a result, it appeared ESD disbursed unemployment offset payments to employers with net zero balances. This resulted in unsupported questioned costs of \$126,536.
- For one transaction tested totaling \$6,161, we noted the evidence for unemployment offset charges provided by Washington did not agree to the transaction selection, resulting in unsupported questioned costs of \$6,161. Without proper supporting documentation, we were unable to determine the correct amounts that were disbursed to the employer's unemployment account balances to offset previously incurred costs.

Desk Review of the State of Washington

Castro noted Washington claimed \$25,000,000 in expenditures managed by Washington's ESD, issued to employers for unemployment offset charges to account balances, including our reported API unsupported questioned costs of \$2,369,301. Since Castro identified unsupported questioned costs within the unemployment offset charges we tested, we recommend Treasury OIG determine the feasibility of performing additional follow-up with Washington to determine if there were other instances of unsupported balances within these expenditures claimed.

API Exception #3 – COVID-19 Related Civil Legal Needs Non-Substantially Dedicated Payroll Expenditures

Washington claimed \$553,915 in non-substantially dedicated payroll expenditures related to the State of Washington's Office of Attorney General (ATG) for civil legal needs related to COVID-19. The ATG directed that for every COVID-19 related complaint the State of Washington's Consumer Resource Center received about a business, a consumer protection attorney was to call the business and reach an authorized representative to discuss the business's COVID-19 related compliance. The complaints concerned a wide range of issues such as refusal to issue travel or gym membership refunds, ticket/show cancellations and refunds, price-gouging, COVID-19 testing issues, fake COVID-19 cures, and mask-exemption cards. The time recorded by these non-substantially dedicated employees was spent calling various businesses, addressing the complaints with the business or their counsel, sending warning letters, and preparing daily COVID-19 reports for the ATG's information and use. We noted some ATG positions were not directly coded to COVID-19 related activities in the statewide –payroll system. The time charged by staff ranged between 15 minutes to over 174 hours per month for approximately 1,800 employees.

For five transactions tested totaling \$77,922, we identified sufficient payroll supporting documentation related to \$50,812 of the transactions; however, we did not obtain and review sufficient evidence for the remaining \$27,110, resulting in unsupported questioned costs of \$27,110.

Washington claimed \$553,915 and we tested \$77,922 of the State of Washington's Office of ATG's non-substantially dedicated payroll expenditures for civil legal needs related to COVID-19. Since Castro identified unsupported questioned costs of \$27,110, we recommend Treasury OIG follow-up on the untested balance to determine if the remaining balance of \$475,993 was similarly unsupported and should be recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance.

API Exception #4 – Non-Payroll Expenses, Including Per Diem Travel Costs

Washington claimed \$109,812 in expenditures managed by the Washington Department of Health (DOH) for non-payroll expenses such as per diem travel costs, including lodging. Due to the COVID-19 pandemic, DOH initiated a resource request for a blanket purchase order for hotel rooms for vaccine teams, quarantine, and social distancing. The state was responsible for supplying staff with hotel rooms to support response efforts and because of the large request, the agency filled out blanket forms to ensure DOH documented the need of the agency during the pandemic response. We had a number of exceptions resulting in unsupported questioned costs of \$2,150, and \$2,571 in ineligible questioned costs, respectively, as detailed below.

- For two transactions tested totaling \$2,150, Washington provided documentation such as invoices accompanied by other payment details that evidenced partial support. Specifically, Washington provided a reconciliation of the invoices to each selection. We determined that Washington's reconciliation was incomplete and did not substantiate an invoice with each itemized expense. DOH did not maintain all supporting documentation (invoices) for the lodging expenses resulting in unsupported questioned costs of \$2,150.
- For one transaction tested totaling \$2,571, DOH indicated the costs were reimbursed with Department of Homeland Security Federal Emergency Management Agency (FEMA) funds, not CRF proceeds. However, Washington did not provide evidence to verify the costs were reimbursed through FEMA. These costs were included in the population linked to the GL details, which were used by Washington to populate the amounts claimed in the GrantSolutions portal FPR as of September 30, 2023. We also reviewed the supporting documentation which demonstrated the costs were not incurred between March 1, 2020 and December 31, 2021, resulting in ineligible out of covered period questioned costs of \$2,571.

API Exception #'s 5 and 6 – Non-Payroll Expenses, Including Per Diem Travel Costs

Washington claimed \$151,673 in expenditures managed by DOH for non-payroll related costs such as per diem travel costs including lodging expenses. For two transactions tested totaling \$33,441, we noted the non-payroll related costs were incurred outside the scope of the covered period, with the earliest date of February 7, 2020, resulting in ineligible questioned costs of \$33,441. We noted Washington provided additional support evidencing the costs were previously identified by the Washington State Auditor's Office in the FY 2020

Desk Review of the State of Washington

Single Audit Report. DOH did not ensure payments from CRF proceeds were incurred during the CRF covered period. In the FY 2022 Single Audit Report, the State Auditor's Office confirmed Washington's corrective action plan had been completed. Castro requested that Washington provide us evidence that the CRF expenditures were reduced or reversed from the population covered by FEMA funding, however, we were not provided this evidence by Washington. The corrective action plan stated that FEMA expanded the scope of eligible reimbursements to include all allowable expenditures from the beginning of the COVID-19 response. The CRF expenditures incurred outside the period of performance were subsequently included in the FEMA recovery calculation. DOH also worked with Washington's Office of Financial Management to reduce the CRF expenditures on the FY 2021 Schedule of Expenditures of Federal Awards. Our assessment of the response and observations of the single audit reports indicated that FEMA costs did replace the amounts previously reported as CRF proceeds; however, these costs were still included in the GrantSolutions portal FPR as of September 30, 2023 and were not reversed as they should have been. These expenses were also not specifically identified at the transaction level. We considered these expenditures ineligible questioned costs totaling \$33,441.

Castro recommends Treasury OIG follow-up to request that Washington management performs an assessment over the remaining untested amount of \$118,232 to determine if the DOH non-payroll related FEMA costs claimed as CRF expenses were replaced with other eligible CRF costs. We also recommend Treasury OIG review the assessment for accuracy and completeness to confirm all FEMA related expenses claimed using CRF proceeds were reversed and replaced with other eligible CRF costs. If support is not provided, Treasury OIG should recoup the funds or request Washington management to provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance.

API Exception #7 – Non-Payroll COVID-19 Infection Control Services

Washington claimed \$12,049 in non-payroll related expenditures managed by the Washington Department of Social and Health Services. The Department of Social and Health Services worked with higher risk groups of individuals during the COVID-19 pandemic and provided services such as on-site visits to adult family homes to ensure there were adequate preventive measures and controls in place to stop the spread of COVID-19. Each employee was required to travel in order to complete assigned specialty service tasks, such as conducting investigations, educating, and gathering data on COVID-19 cases. We identified questioned costs of \$434 as ineligible, and \$234 as unsupported, respectively, as detailed below.

Desk Review of the State of Washington

- For one of the transactions tested totaling \$434, the Department of Social and Health Services confirmed that the scope of work performed by the state employee was not related to COVID-19. The employee diverted his normal work functions/duties to conduct a non-COVID-19 survey because the members of the team originally performing the survey were exposed to COVID-19. Therefore, we determined the costs reimbursed for travel expenses of \$434 to be ineligible.
- For one of the transactions tested totaling \$234, the receipts were not maintained, resulting in unsupported questioned costs. Washington explained that meal receipts less than \$75 per the U.S. General Services Administration guidance were usually not documented. However, Washington charged these costs to the CRF program, which required all supporting documentation to be maintained. Since no additional support was provided regarding the receipts for meals to evidence the expenditures, we question the entire \$234 as unsupported.

Conclusion

We determined that the expenditures related to the Contracts greater than or equal to \$50,000 and Aggregate Reporting less than \$50,000 payment types complied with the CARES Act and Treasury's Guidance. Also, we determined that expenditures related to the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types did not comply with the CARES Act and Treasury's Guidance.

We identified unsupported and ineligible questioned costs of \$14,085,335 and \$283,599, respectively, with total questioned costs of \$14,368,934. Additionally, we determined Washington's risk of unallowable use of funds is **high**.

Castro recommends that Treasury OIG follow-up with Washington's management to confirm if the \$14,085,335 noted as unsupported expenditures within the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types can be supported. If support is not provided, Treasury OIG should recoup the funds or request Washington management to provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance.

Desk Review of the State of Washington

In addition, Castro recommends that Treasury OIG request Washington management to provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance for the \$283,599 of ineligible costs charged to the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types. If support is not provided, Treasury OIG should recoup the funds.

Further, based on Washington management's responsiveness to Treasury OIG's requests and management's ability to provide sufficient documentation and/or replace unsupported and ineligible transactions charged to CRF with valid expenditures, Castro recommends Treasury OIG determine the feasibility of conducting an audit for the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, and Aggregate Payments to Individuals payment types.

At the time of desk review fieldwork, Castro noted that Washington had findings in their Single Audit Reports for fiscal years 2020, 2021, and 2022, which we have summarized below:

- Washington's fiscal year 2020 Single Audit report was published on December 17, 2020, and the auditor identified unsupported questioned costs specific to the CRF in the amount of \$49,228,368.
- Washington's fiscal year 2021 Single Audit report was published on December 21, 2021, and the auditor identified unsupported questioned costs specific to the CRF in the amount of \$4,124,518.
- Washington's fiscal year 2022 Single Audit report was published on December 20, 2022, and the auditor identified unsupported questioned costs specific to the CRF in the amount of \$74,784.

Castro recommends that Treasury OIG follow-up with Treasury's Office of Capital Access to ensure that management decision letters are issued on the CRF specific findings identified by the auditor in these Single Audit reports. Washington's fiscal year 2023 Single Audit report was published on December 7, 2023, and did not include any CRF related questioned costs. We recommend Treasury OIG follow-up on any CRF specific questioned costs reported in the fiscal year 2020, 2021, and 2022 Single Audit reports.

Desk Review of the State of Washington

Castro also identified other matters throughout the course of our desk review, which warrant recommendations to Treasury OIG for additional action. Castro recommends Treasury OIG follow-up on these issues:

- Castro noted that Washington awarded 11,713 small businesses a total of \$236,183,530 in granted funds within its Working Washington Small Business Grant Program. Since Castro identified ineligible balances during our fieldwork procedures within the Working Washington Small Business Grant Program payments, we recommend that Treasury OIG perform additional follow-up with Washington to determine if there were other instances of ineligible balances resulting from exceeding the maximum award amount within the Working Washington Small Business Grant Program.
- Washington claimed and we tested \$240,920 in expenses to Clark County for COVID-19 related rental assistance programs. We noted the expenditure support provided by Washington for the Clark County grant referenced another Treasury federal program, Treasury Rental Assistance Program. We were unable to determine if this incident of using CRF proceeds to pay for another federal funding program's expenditures was isolated. Therefore, we recommend Treasury OIG perform additional follow-up with Washington to determine if there were other instances of commingling of funds where CRF proceeds were claimed for other federal programs.
- We identified material variances between the general ledger details and amounts claimed in the GrantSolutions portal as of September 30, 2023 that represented overstated unsupported questioned costs of \$10,772,591 claimed under the Grants greater than or equal to \$50,000 payment type. We recommend Treasury OIG determine the feasibility of performing additional procedures over Washington's Grants payment type GrantSolutions portal reconciliation procedures.
- Castro noted that Washington claimed \$2,300,000 in expenditures passed through by the Washington Office of Civil and Legal Aid to the Northwest Justice Project for services to help mitigate the social and economic consequences of the COVID-19 health and economic disaster, including our reported Transfers greater than equal to \$50,000 ineligible questioned costs of \$6,233. Since Castro identified ineligible questioned costs within the Office of Civil and Legal Aid to the NJP transfer payment we tested, we recommend Treasury OIG determine if there were other instances of ineligible balances related to indirect costs within the expenditures claimed for the Office of Civil and Legal Aid to the NJP.

Desk Review of the State of Washington

- Castro noted the support for the student economic assistance transfer transaction totaling \$258,300 referenced the U.S. DOE's Education Stabilization Fund and that the agreement made no mention of the CARES Act. Washington did not respond to our requests for confirmation that there was no duplication of benefits between CRF and the U.S. DOE Education Stabilization Fund for these CRF expenses claimed. Based on the lack of adequate supporting documentation to justify the eligible and allowable use of CRF proceeds, we recommend Treasury OIG follow-up with Washington management to determine if the remaining balance was similarly unsupported and should be recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance.
- Require Washington management to properly segregate the Aggregate Payments to Individuals expenditures based on the defined categories as discussed above. In addition, based on those details and the significant number of Aggregate Payments to Individuals testing errors, we recommend Treasury OIG determine the feasibility of performing a limited scope review of the Aggregate Payments to Individuals payment type transactions that were not subject to our desk review procedures.
- Castro noted during our review of the \$49,956,300 in expenditures for unemployment claims and benefit payments, including our reported Aggregate Payments to Individuals unsupported questioned costs of \$2,750, the supporting documentation referenced the DOL's PUA and made no mention of the CARES Act. Castro asked Washington management to confirm the CRF claimed unemployment expenditures provided were not also claimed using PUA funds. Washington did not respond to our requests for confirmation that there was no duplication of benefits between CRF and other federal funding for these CRF expenses claimed. Based on the lack of adequate supporting documentation to justify the eligible and allowable use of CRF proceeds, we recommend Treasury OIG follow-up with Washington management to determine if the remaining balance was funded with other federal funds and whether the costs was similarly unsupported and should be recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance.
- Castro noted Washington claimed \$25,000,000 in expenditures managed by Washington's Employment Security Department, issued to employers for unemployment offset charges to current account balances, including our reported Aggregate Payments to Individuals unsupported questioned costs of \$2,369,301. Since Castro identified unsupported questioned costs within the unemployment offset charges we tested, we recommend Treasury OIG determine the feasibility of performing additional follow-up

Desk Review of the State of Washington

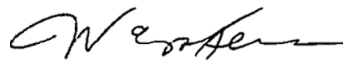
with Washington to determine if there were other instances of unsupported balances within these expenditures claimed.

- Washington claimed \$553,915 and we tested \$77,922 in non-substantially dedicated payroll expenditures related to the State of Washington's Office of Attorney General for civil legal needs related to COVID-19. Since Castro identified unsupported questioned costs of \$27,110, we recommend Treasury OIG follow-up on the untested balance to determine if the remaining balance of \$475,993 was similarly unsupported and should be recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance.
- Washington claimed \$151,673 and we tested \$33,441 in per diem travel expenditures, resulting in ineligible questioned costs of \$33,441. Castro recommends Treasury OIG follow-up to request Washington management perform an assessment over the remaining untested amount of \$118,232 to determine if the Washington Department of Health non-payroll related FEMA costs claimed as CRF expenses were replaced with other eligible CRF costs. We also recommend Treasury OIG review the assessment for accuracy and completeness to confirm all FEMA related expenses claimed using CRF proceeds were reversed and replaced with other eligible CRF costs. If support is not provided, Treasury OIG should recoup the funds or request Washington management to provide support for replacement expenses, not previously charged, that were eligible during the CRF period of performance.
- Castro determined that without Washington's detailed unemployment claims analysis that segregated the other federal funding sources, we were unable to conclude upon whether Washington duplicated benefits with other federal funding sources. Therefore, Castro recommends Treasury OIG follow-up with Washington management and request that Washington perform an assessment of the unemployment claims analysis that includes the breakout of all other federal funding sources used to pay UI related expenses. Additionally, we recommend Treasury OIG review the analysis performed by Washington to determine whether Washington duplicated benefits or augmented the UI Trust Fund balance using CRF proceeds.

Desk Review of the State of Washington

All work completed with this letter complies with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Federal Offices of Inspectors General*, which require that the work adheres to the professional standards of independence, due professional care, and quality assurance to ensure the accuracy of the information presented.³³ We appreciate the courtesies and cooperation provided to our staff during the desk review.

Sincerely,



Wayne Ference
Partner, Castro & Company, LLC

³³ <https://www.ignet.gov/sites/default/files/files/Silver%20Book%20Revision%20-%208-20-12r.pdf>