

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

Financial Statement Findings and Other Reports

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

DIRECT REPORTING OF FRAUDS AFFECTING NON-MAJOR FEDERAL PROGRAMS

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

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