WASHINGTON STATE OFM Office of Financial Management

STATEWIDE ACCOUNTING SERVICES

# Federal Funding Accountability and Transparency Act Compliance

## Washington State Interagency Agreements Under Chapter 39.34 RCW

July 2026

## Purpose

This guidance assists Washington State agencies in determining when the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements apply to interagency agreements executed under RCW Chapter 39.34. It also outlines recommended practices for collecting, verifying, and reporting information required for qualifying federal subawards.

## Federal Requirements

The Federal Funding Accountability and Transparency Act (FFATA), as implemented in **2 CFR Part 170**, requires certain information about federal financial assistance to be made publicly available through USASpending.gov. FFATA promotes transparency in federal spending by requiring recipients of certain federal awards to report qualifying first-tier subawards and, when applicable, executive compensation information.

FFATA applies to recipients of certain federal grants, cooperative agreements, loans, and other forms of federal financial assistance subject to the reporting requirements in 2 CFR Part 170.

Prime recipients of federal awards are responsible for reporting qualifying first-tier subawards that meet applicable FFATA reporting requirements. Required subaward information is submitted through the federal reporting process in SAM.gov and must be submitted no later than the end of the calendar month following the month in which the subaward is executed.

In certain circumstances, prime recipients and first-tier subrecipients must report the total compensation of their five most highly compensated executives if they meet the criteria established in 2 CFR Part 170 regarding federal revenue sources and the public availability of executive compensation information.

## Washington State Financial Reporting

The Annual Comprehensive Financial Report (ACFR) presents the State of Washington's government-wide financial statements. State agencies, boards, commissions, authorities, and other organizations that are not legally separate from the State are reported as part of the State's primary government.

The Schedule of Expenditures of Federal Awards (SEFA) reports the State's expenditures of federal awards using the same basis of accounting as the related financial statements. Federal expenditures are reported once at the statewide level to ensure complete and accurate reporting while preventing duplicate reporting among state agencies.

## Interagency Agreements Between Washington State Agencies

Washington state agencies typically receive federal awards as prime recipients. In some cases, a Prime Recipient Agency transfers a portion of its federal award to another Washington State agency (Subrecipient State Agency) through an interagency agreement authorized under RCW Chapter 39.34.

Although responsibility for administering a portion of the federal program may be delegated, both agencies remain part of the same State of Washington reporting entity for financial reporting purposes. Accordingly, federal expenditures are reported only once on the State's SEFA, preventing duplicate reporting and overstating statewide federal expenditures.

## FFATA Reporting

FFATA requires prime recipients to report qualifying first-tier subawards. However, federal regulations do not expressly address whether transfers of federal funds between agencies within the same state government constitute reportable subawards for FFATA purposes.

Consistent with the State's financial reporting framework and the guidance in the 2025 OMB Compliance Supplement, our interpretation is that interagency transfers between State agencies are not treated as reportable FFATA subawards because they represent allocations of federal funds within the same auditee rather than awards to separate legal entities.

The 2025 OMB Compliance Supplement, Part 3, Section M—Subrecipient Monitoring, states:

> "Transfers of federal awards to another component of the same auditee under 2 CFR Part 200, Subpart F, do not constitute a subrecipient or contractor relationship."

Although the methodology used to prepare the SEFA does not independently determine FFATA reporting obligations, it supports our interpretation that these transfers are internal allocations within the same auditee rather than reportable first-tier FFATA subawards.

## When FFATA Reporting Applies

Although transfers between Washington State agencies are not treated as reportable FFATA subawards, FFATA reporting requirements may apply when federal funds are subsequently awarded to entities outside Washington State government.

For example, a Prime Recipient Agency may transfer federal funds to a Subrecipient State Agency through an interagency agreement. If the Subrecipient State Agency subsequently issues a qualifying lower-tier

subaward to a local government, nonprofit organization, Tribal government, or other non-state entity, the Prime Recipient Agency remains responsible for ensuring that applicable FFATA reporting requirements are satisfied.

To meet this responsibility, the Prime Recipient Agency and the Subrecipient State Agency should coordinate to identify qualifying lower-tier subawards and collect all information necessary for FFATA reporting.

**Recommended Compliance Practices**

To support timely and accurate FFATA reporting, Prime Recipient Agencies should establish procedures to identify qualifying lower-tier subawards issued by Subrecipient State Agencies. Effective procedures help prevent unreported layers of federal subawards and reduce federal compliance and audit risk.

- Ensure a subsubaward notification clause is incorporated into interagency subaward agreements or subcontracts with another state agency to enforce FFATA reporting requirements when applicable. To enable tracking of any lower-tier federal awards, the clause should include the following content:
    - Prime Recipient Agency reporting duty -
        - The Subrecipient State Agency acknowledges that this Agreement is funded by Federal Award [Insert Federal Award Number] under Assistance Listing Number (ALN xx.xxx). As the prime recipient of these funds, the [Name of Prime Receiving Agency] is legally mandated by 2 CFR Part 170 to report any lower-tier subawards to non-state entities in SAM.gov.
    - Subrecipient State Agency data provision mandate -
        - To enable the Prime Receiving Agency to fulfill its federal reporting obligations, the Subrecipient State Agency shall provide a completed FFATA Data Certification Form (to be developed by Prime Recipient Agency) simultaneously with the execution of any subaward agreements with non-state entities.
- Require the Subrecipient State Agency to notify the Prime Recipient Agency within a specified number of business days after executing a qualifying lower-tier subaward. The notification timeline should allow sufficient time to meet FFATA reporting deadlines.
- Require the Subrecipient State Agency to verify through SAM.gov that the lower tier subrecipient is not suspended or debarred before reporting the subaward.
- Use a standardized information collection template to obtain the data elements necessary to complete the FFATA subaward report, and to determine whether the lower tier subrecipient is subject to FFATA executive compensation reporting requirements.
- Perform a monthly review of newly executed lower-tier subawards to determine whether FFATA reporting is required.

**Sample Clause for Interagency Agreement:**

> **Lower Tier Subaward Reporting.** If the Subrecipient State Agency passes through, subawards, or otherwise provides any portion of these federal funds to a non-state entity (including, but not limited to, a local government, nonprofit organization, Tribal government, or other eligible recipient), the Subrecipient State Agency shall notify the Prime Recipient Agency in writing **within five (5) business days** after execution of the lower-tier subaward. The notification must include all information required for the Prime Recipient Agency to satisfy applicable reporting requirements under the Federal Funding Accountability and Transparency Act (FFATA), including 2 CFR Part 170.

Failure to provide the required notification or reporting information may constitute a material breach of this Agreement and may result in corrective action, including suspension of future funding or other remedies available under this Agreement.

**Sample Lower Tier Subaward Notification Form:**

# WASHINGTON STATE INTERAGENCY AGREEMENT

## LOWER TIER SUBAWARD / FFATA NOTIFICATION FORM

**Instructions:** This form must be submitted to the Prime Recipient Agency within **five (5) business days** of executing any agreement that passes federal funds to a non-state entity.

### Part I – Lower Tier Subrecipient Entity Information

| | |
|---|---|
| **Legal Entity Name** | _____*(As registered in SAM.gov)* |
| **Unique Entity Identifier (UEI)** | _____*(12-character alphanumeric code)* |
| **Entity Type** | ☐ Local Government ☐ Non-Profit ☐ Commercial |
| **Address** | |
| **SAM.gov Status** | ☐ Active and Public ☐ Inactive |

### Part II – Award & Performance Details

| | |
|---|---|
| **Assistant Listing Number** | |
| **FAIN Number** | |
| **Subaward Contract Number** | |
| **Subaward Execution Date** | ____ / ____ / _____ **(Date contract/subaward was signed)** |
| **Project Description** | |
| **Total Federal Funds Awarded** | **$** _____ |
| **Performance Street Address** | |
| **City, State, ZIP+4** | _____**(Must use 9-digit ZIP+4 format)** |

### Part III – Highly Compensated Officers (FFATA Threshold)

**Does the lower tier entity meet both of the following criteria?**

1. Received **80% or more** of its annual gross revenues from Federal awards during the preceding fiscal year; **and**
2. Received **$25,000,000 or more** in annual gross revenues from Federal awards.

☐ **NO** – The entity is exempt from executive compensation reporting.

☐ **YES** – Provide the names and total compensation of the five (5) highest-compensated officers.

| **Officer Name** | **Total Compensation** |
|---|---|
| 1. _____ | $ _____ |
| 2. _____ | $ _____ |
| 3. _____ | $ _____ |
| 4. _____ | $ _____ |

## Certification

**Submitted By (Subrecipient State Agency Representative):**

**Name:** _____

**Title:** _____

**Date Submitted:** ____ / ____ / _____ **Signature:** _____