Single
Audit Report

For the Fiscal Year Ended June 30, 2021

State of Idaho

Legislative Services Office – Audits Division

April 29, 2022

Honorable Brad Little, Governor
Honorable Representative Rick D. Youngblood, JFAC Co-Chair
Honorable Senator Jeff Agenbroad, JFAC Co-Chair
Honorable Brandon D Woolf, State Controller

We are pleased to submit the statewide *Single Audit Report* of the State of Idaho covering the fiscal year ended June 30, 2021. This report complies with the audit requirements placed on the State of Idaho as a condition for receiving and expending $5,960,383,825 in federal assistance (colleges and universities, and Idaho Housing and Finance Association a re reported separately).

Idaho is tasked with administering its federal funds in compliance with applicable laws and regulations. No questioned costs for fiscal year 2021 were identified.

The federal audit requirements are contained in Title 31, Chapter 75, United States Code, as amended by the Single Audit Act Amendments of 1996. The objectives of the Single Audit Act are:

- To promote sound financial management, including effective internal controls, with respect to Federal awards administered by non-federal entities.
- To establish uniform requirements for audits of federal awards administered by non-Federal entities.
- To promote the efficient and effective use of audit resources.
- To ensure that federal departments and agencies, to the maximum extent practicable, rely on and use audit work performed pursuant to the requirements of the Single Audit Act.

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* was issued to facilitate the implementation of the Single Audit Act as amended in 1996. *Uniform Guidance* places the responsibility for identifying major programs to audit on the auditor. A risk-based approach, which considers current and prior audit experience, federal oversight, and inherent risk, is used to identify major programs. All audit issues are in the section entitled "Auditor's Results." Internal control weaknesses and compliance issues related to federal awards are included in the subsection entitled "Federal Findings and Questioned Costs." Internal control weaknesses and compliance issues related to the basic financial statements are included in the subsection entitled "Basic Financial Statements Findings."

This document contains the following reports and schedules:

- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by *Uniform Guidance*
- Schedule of Expenditures of Federal Awards
- Auditor's Results
- Management's Basic Financial Statements Findings Corrective Action Plan
- Management's Federal Findings Corrective Action Plan
- Schedules of Prior Findings (basic financial statements and federal findings)
- Management's Follow-up for Prior Findings (basic financial statements and federal findings)

The complete *Annual Comprehensive Financial Report* (ACFR), which includes the State's basic financial statements, can be obtained from the Idaho Office of the State Controller (208-334-3100) or accessed on its website at www.sco.idaho.gov. Additionally, the Schedule of Expenditures of Federal Awards by State Agency will be available as a special report accessed on our website at www.lso.idaho.gov.

Sincerely,

April Renfro

April Renfro, CPA, Manager
Legislative Audits Division

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS*

*The State's basic financial statements are included in the *Idaho Annual Comprehensive Financial Report* (ACFR) published in conjunction with this *Single Audit Report* by the Office of the State Controller. The ACFR can be obtained from the Office of the State Controller (208-334-3100) or accessed on its website at www.sco.idaho.gov.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 22, 2021

Honorable Brad Little, Governor
Honorable Representative Rick D. Youngblood, JFAC Co-Chair
Honorable Senator Jeff Agenbroad, JFAC Co-Chair
Honorable Brandon D Woolf, State Controller

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise State of Idaho's basic financial statements, and have issued our report thereon dated December 22, 2021. Our report includes a reference to other auditors who audited the financial statements of Boise State University, Idaho State University, Lewis-Clark State College, University of Idaho, and their respective component units, Idaho Fish and Wildlife Foundation, Idaho Potato Commission, Idaho Dairy Products Commission, Idaho State Bar, Idaho Wheat Commission, Idaho Endowment Fund Investment Board, Idaho Lottery, Public Employee Retirement System of Idaho, Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Idaho Health Insurance Exchange, Idaho State Treasurer – Assets Under Management, Idaho State Building Authority, Idaho Bond Bank Authority, and the Idaho Housing and Finance Association (including The Housing Company, a discretely presented component unit of the Idaho Housing and Finance Association) as described in our report on the State of Idaho's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Boise State University Foundation, Idaho State University Foundation, Idaho Fish and Wildlife Foundation, and Idaho Housing and Finance Association were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Idaho's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Idaho's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Basic Financial Statement Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Basic Financial Statement Findings to be material weaknesses: 2021-101, 2021-102, and 2021-103.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Basic Financial Statement Findings to be significant deficiencies: 2021-104, 2021-105, 2021-106, and 2021-107.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

State of Idaho's Response to Findings

The State of Idaho's response to the findings identified in our audit are described in the accompanying Basic Financial Statement Findings and Management's Corrective Action Plan. The State of Idaho's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Idaho's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Idaho's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

April Renfro

April Renfro, Manager
Legislative Audits Division

Terri Kondeff
Director

Legislative Services Office
Idaho State Legislature

Serving Idaho's Citizen Legislature

April 29, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY *UNIFORM GUIDANCE*

Honorable Brad Little, Governor
Honorable Representative Rick D. Youngblood, JFAC Co-Chair
Honorable Jeff Agenbroad, JFAC Co-Chair
Honorable Brandon D Woolf, State Controller

Report on Compliance for Each Major Federal Program

We have audited the State of Idaho's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the State of Idaho's major federal programs for the year ended June 30, 2021. The State of Idaho's major federal programs are identified in the Summary of Auditor's Results.

The State of Idaho's basic financial statements include the operations of the Idaho Housing and Finance Association, which received $5,087,684,787in federal awards, which is not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2021. In addition, the State of Idaho's basic financial statements include the operations of Boise State University, Idaho State University, Lewis-Clark State College, and the University of Idaho which are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of Boise State University, Idaho State University, Lewis-Clark State College, University of Idaho, and Idaho Housing and Finance Association because these entities engaged other auditors to perform an audit in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Idaho's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Uniform Guidance.* Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on

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compliance for each major federal program. However, our audit does not provide a legal determination of the State of Idaho's compliance.

Basis for Qualified Opinion on the Education Stabilization Fund

As described in the accompanying schedule Federal Findings and Questioned Costs, the State of Idaho did not comply with requirements regarding AL 84.425D Elementary and Secondary School Emergency Relief (ESSER) Fund of the Education Stabilization Fund as described in finding number 2021-204 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for the State of Idaho to comply with the requirements applicable to that program.

Qualified Opinion on the Education Stabilization Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Idaho complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the ESSER Fund of the Education Stabilization Fund forthe year ended June 30, 2021.

Unmodified Opinion on Each of the other Major Federal Programs

In our opinion, the State of Idaho complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule Federal Findings and Questioned Costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance that are required to be reported in accordance with the *Uniform Guidance* and which are described in the accompanying Schedule of Federal Findings and Questioned Costs as items 2021-205, 2021-207, 2021-208, 2021-209,2021-210, 2021-211, 2021-213, 2021-214, and 2021-217. Our opinion on each major federal program is not modified with respect to these matters.

The State of Idaho's response to the noncompliance findings identified in our audit are described in the accompanying Federal Findings and Questioned Costs and Management's Federal Findings Corrective Action Plan. The State of Idaho's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

Management of the State of Idaho is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Idaho's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Idaho's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Federal Findings and Questioned Costs as items 2021-201, 2021-204, and 2021-210 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Federal Findings and Questioned Costs as items 2021-202, 2021-203, 2021-205, 2021-206, 2021-207, 2021-211, 2021-212, 2021-213, 2021-214, 2021-215, 2021-216, and 2021-217 to be significant deficiencies.

The State of Idaho's response to the internal control over compliance findings identified in our audit are described in the accompanying Federal Findings and Questioned Costs and Management's Federal Findings Corrective Action Plan. The State of Idaho's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State of Idaho's basic financial statements. We issued our report thereon dated December 22, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *Uniform Guidance* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sincerely,

April Renfro

April Renfro, CPA, Manager
Legislative Audits Division

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS

SCHEDULE
OF
EXPENDITURES OF FEDERAL AWARDS

STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
	DEPARTMENT OF AGRICULTURE					
	SNAP CLUSTER					
10.551	Supplemental Nutrition Assistance Program (SNAP)	Health and Welfare, Department of	$242,846,107	NC		
10.551	Supplemental Nutrition Assistance Program (SNAP)	Health and Welfare, Department of	102,943,407	NC, COVID-19		
	Total 10.551		$345,789,514			
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Health and Welfare, Department of	$10,817,507		$945,262	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Health and Welfare, Department of	250,741	COVID-19		
	Total 10.561		$11,068,248		$945,262	
	TOTAL SNAP CLUSTER		$356,857,762		$945,262	
	CHILD NUTRITION CLUSTER					
10.553	School Breakfast Program (SBP)	Superintendent of Public Instruction	$9,178,972		$9,088,423	
10.553	School Breakfast Program (SBP)	Superintendent of Public Instruction	1,280,513	COVID-19	1,233,911	COVID-19
	Total 10.553		$10,459,485		$10,322,334	
10.555	National School Lunch Program (NSLP)	Superintendent of Public Instruction	$7,731,233	NC	$4,343,288	NC
10.555	National School Lunch Program (NSLP)	Superintendent of Public Instruction	33,723,609		33,558,670	
10.555	National School Lunch Program (NSLP)	Superintendent of Public Instruction	4,454,640	COVID-19	4,343,288	COVID-19
	Total 10.555		$45,909,482		$42,245,246	
10.556	Special Milk Program for Children (SMP)	Superintendent of Public Instruction	$8,661		$8,661	
10.556	Special Milk Program for Children (SMP)	Superintendent of Public Instruction	3,222	COVID-19	3,222	COVID-19
	Total 10.556		$11,883		$11,883	
10.559	Summer Food Service Program for Children (SFSPC)	Superintendent of Public Instruction	$40,030,243		$39,835,815	
10.559	Summer Food Service Program for Children (SFSPC)	Superintendent of Public Instruction	12,676,198	COVID-19	12,676,198	COVID-19
	Total 10.559		$52,706,441		$52,512,013	
10.579	Child Nutrition Discretionary Grants Limited Availability	Superintendent of Public Instruction	$375,483		$117,344	
	TOTAL CHILD NUTRITION CLUSTER		$109,462,774		$105,208,820	
	FOOD DISTRIBUTION CLUSTER					
10.565	Commodity Supplemental Food Program	Aging, Commission on	$179,816		$159,070	
10.568	Emergency Food Assistance Program (Administrative Costs)	Health and Welfare, Department of	470,296		470,296	
10.568	Emergency Food Assistance Program (Administrative Costs)	Health and Welfare, Department of	799,161	COVID-19	799,150	COVID-19
	Total 10.568		$1,269,457		$1,269,446	
10.569	Emergency Food Assistance Program (Food Commodities)	Health and Welfare, Department of	$4,774,348	NC		
	TOTAL FOOD DISTRIBUTION CLUSTER		$6,223,621		$1,428,516	
	NON-CLUSTERED PROGRAMS					
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, Department of	$946,778		$435,630	
10.069	Conservation Reserve Program	Fish and Game, Department of	64,002			
10.093	Voluntary Public Access & Habitat Incentive Program	Fish and Game, Department of	216,665			
10.162	Inspection Grading and Standardization	Agriculture, Department of	55,779			
10.163	Market Protection and Promotion	Agriculture, Department of	16,200			
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	442,896		237,038	
10.178	Trade Mitigation Program Eligible Recipient Agency Operational	Health and Welfare, Department of	114,282		114,282	
10.178	Trade Mitigation Program Eligible Recipient Agency Operational	Health and Welfare, Department of	1,648,041	NC		
	Total 10.178		$1,762,323		$114,282	
10.534	CACFP Meal Service Training Grants	Superintendent of Public Instruction	$18,538			
10.541	Child Nutrition Technology Innovation Grant	Superintendent of Public Instruction	280,197		$157,304	
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Health and Welfare, Department of	18,318,234		6,481,832	
10.558	Child and Adult Care Food Program (CACFP)	Superintendent of Public Instruction	4,805,063		4,667,500	
10.558	Child and Adult Care Food Program (CACFP)	Superintendent of Public Instruction	1,827,215	COVID-19	1,821,358	COVID-19
	Total 10.558		$6,632,278		$6,488,858	
10.560	State Administrative Expenses for Child Nutrition	Superintendent of Public Instruction	$1,165,464			
10.578	WIC Grants To States (WGS)	Health and Welfare, Department of	12,885			
10.582	Fresh Fruit and Vegetable Program	Superintendent of Public Instruction	1,625,421		$1,579,984	
10.582	Fresh Fruit and Vegetable Program	Superintendent of Public Instruction	(88,791)	COVID-19	(88,791)	COVID-19
	Total 10.582		$1,536,630		$1,491,193	

*Type of assistance other than direct cash: NC = Non-Cash, PT = Pass-Through, RD = Research and Development
The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
10.589	Child Nutrition Direct Certification Performance Awards	Superintendent of Public Instruction	$946			
10.649	Pandemic EBT Administrative Costs	Health and Welfare, Department of	15,019			
10.664	Cooperative Forestry Assistance	Lands, Department of	3,338,009		$1,826,176	
10.676	Forest Legacy Program	Lands, Department of	56,328			
10.678	Forest Stewardship Program	Lands, Department of	2,264			
10.680	Forest Health Protection	Agriculture, Department of	45,361		43,124	
10.697	State and Private Forestry Hazardous Fuel Reduction Program	Lands, Department of	198,091		198,091	
10.698	State and Private Forestry Cooperative Fire Assistance	Lands, Department of	32,138			
10.902	Soil and Water Conservation	Agriculture, Department of	43,521			
10.902	Soil and Water Conservation	Lands, Department of	81,621			
	Total 10.902		$125,142		$0	
10.912	Environmental Quality Incentives Program	Transportation Department, Idaho	$413,960			
10.932	Regional Conservation Partnership Program	Lands, Department of	974			
10.U02	Forest Service Aquatic Invasive Species Monitoring	Agriculture, Department of	26,835			
10.U04	Miscellaneous Forest Service Grants	Fish and Game, Department of	11,009			
10.U28	Federal-State Inspection of Fresh Fruits, Veg, and other products	Agriculture, Department of	12,707			
10.U32	USDA Veterinary Services Agreement for Brucellosis Testing	Agriculture, Department of	35,914			
	TOTAL NON-CLUSTERED PROGRAMS		$35,783,566		$17,473,528	
	TOTAL DEPARTMENT OF AGRICULTURE		$508,327,723		$125,056,126	
	DEPARTMENT OF COMMERCE					
11.407	Interjurisdictional Fisheries Act of 1986	Fish and Game, Department of	$17,447			
11.436	Columbia River Fisheries Development Program	Fish and Game, Department of	1,226,218			
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Fish and Game, Department of	246,364			
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Species Conservation, Office of	5,018,458		$3,198,373	
	Total 11.438		$5,264,822		$3,198,373	
11.441	Regional Fishery Management Councils	Fish and Game, Department of	$55,991			
11.549	State and Local Implementation Grant Program	Military, Division of	6,628			
	TOTAL DEPARTMENT OF COMMERCE		$6,571,106		$3,198,373	
	DEPARTMENT OF DEFENSE					
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality, Department of	$181,700			
12.400	Military Construction, National Guard	Military, Division of	23,060,382			
12.401	National Guard Military Operations and Maintenance Projects	Military, Division of	77,646,592			
12.404	National Guard ChalleNGe Program	Military, Division of	4,485,005			
Pass-Through From Non-State Entities						
12.U29	Watercraft Inspection Station Program Pacific States Marine Fisheries Commission; PSMFC. Award # 19-92P (Prime Award # W68SBV90156312) & 20-104P (Prime Award # W68SBV00164077)	Agriculture, Department of	1,283,671	PT	$828,461	PT
12.U31	Aquatic Invasive Species Monitoring Pacific States Marine Fisheries Commission; PSMFC Award # 20-145P (Prime Award # W68SBV00766915)	Agriculture, Department of	46,599	PT		
	TOTAL DEPARTMENT OF DEFENSE		$106,703,949		$828,461	
	HOUSING AND URBAN DEVELOPMENT					
14.171	Manufactured Home Dispute Resolution	Building Safety, Division of	$2,730			
14.228	Community Development Block Grants/State's Program	Commerce, Department of	7,014,085		$6,792,023	
14.228	Community Development Block Grants/State's Program	Commerce, Department of	220,454	COVID-19	111,147	COVID-19
	Total 14.228		$7,234,539		$6,903,170	
	TOTAL HOUSING AND URBAN DEVELOPMENT		$7,237,269		$6,903,170	
	DEPARTMENT OF THE INTERIOR					
	FISH AND WILDLIFE CLUSTER					
15.605	Sport Fish Restoration	Fish and Game, Department of	$6,568,657		$127,369	
15.611	Wildlife Restoration and Basic Hunter Education	Fish and Game, Department of	16,191,597		461,925	
15.626	Enhanced Hunter Education and Safety	Fish and Game, Department of	102,648			
	TOTAL FISH AND WILDLIFE CLUSTER		$22,862,902		$589,294	
	NON-CLUSTERED PROGRAMS					
15.130	Indian Education Assistance to Schools	Superintendent of Public Instruction	$151,663		$151,663	
15.224	Cultural and Paleontological Resource Management	Historical Society, Idaho State	10,030			
15.225	Recreation and Visitor Services	Fish and Game, Department of	2,000			
15.228	BLM Fuels Management and Community Fire Assistance Program	Transportation Department, Idaho	10,986			
15.230	Invasive and Noxious Plant Management	Fish and Game, Department of	4,981			
15.231	Fish, Wildlife and Plant Conservation Resource Management	Fish and Game, Department of	246,221			
15.231	Fish, Wildlife and Plant Conservation Resource Management	Species Conservation, Office of	69,814		69,814	
	Total 15.231		$316,035		$69,814	

*Type of assistance other than direct cash: NC = Non-Cash, PT = Pass-Through, RD = Research and Development
The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
15.233	Forests and Woodlands Resource Management	Lands, Department of	$10,579			
15.238	Challenge Cost Share	Fish and Game, Department of	74			
15.247	Wildlife Resource Management	Fish and Game, Department of	91,168			
15.517	Fish & Wildlife Coordination Act	Fish and Game, Department of	247,610			
15.517	Fish and Wildlife Coordination Act	Species Conservation, Office of	611,845		$611,845	
	Total 15.517		$859,455		$611,845	
15.524	Recreation Resources Management	Parks and Recreation, Department of	$243,464			
15.560	SECURE Water Act - Research Agreements	Fish and Game, Department of	106,014			
15.608	Fish and Wildlife Management Assistance	Agriculture, Department of	639			
15.608	Fish & Wildlife Management Assistance	Fish and Game, Department of	51,300			
	Total 15.608		$51,939			
15.615	Cooperative Endangered Species Conservation Fund	Fish and Game, Department of	$270,489		$4,849	
15.615	Cooperative Endangered Species Conservation Fund	Species Conservation, Office of	77,888		59,200	
	Total 15.615		$348,377		$64,049	
15.622	Sportfishing and Boating Safety Act	Parks and Recreation, Department of	$65,132		$65,132	
15.623	North American Wetlands Conservation Fund	Fish and Game, Department of	73,970			
15.634	State Wildlife Grants	Fish and Game, Department of	809,558		115,285	
15.657	Endangered Species Conservation - Recovery Implementation Funds	Fish and Game, Department of	252,354			
15.657	Endangered Species Conservation - Recovery Implementation Funds	Species Conservation, Office of	98,122			
	Total 15.657		$350,476		$0	
15.660	Endangered Species - Candidate Conservation Action Fund	Species Conservation, Office of	$14,000		$14,000	
15.661	Lower Snake River Compensation Plan	Fish and Game, Department of	8,827,281			
15.670	Adaptive Science	Fish and Game, Department of	244,504			
15.904	Historic Preservation Fund Grants-in-Aid	Historical Society, Idaho State	647,673		77,112	
15.916	Outdoor Recreation Acquisition, Development, and Planning	Parks and Recreation, Department of	648,413		604,788	
15.944	Natural Resource Stewardship	Parks and Recreation, Department of	618,744			
Pass-Through From Non-State Entities						
15.634	State Wildlife Grants Washington Department of Fish & Wildlife Agreement number 19-12476	Fish and Game, Department of	20,000	PT		
15.653	National Outreach & Communication Recreational Boating & Fishing Foundation 500 Montgomery St STE 300, Alexandria, VA 22314 RBFF-21-G-447	Fish and Game, Department of	22,750	PT		
	TOTAL NON-CLUSTERED PROGRAMS		$14,549,266		$1,773,688	
	TOTAL DEPARTMENT OF THE INTERIOR		$37,412,168		$2,362,982	
	DEPARTMENT OF JUSTICE					
16.017	Sexual Assault Services Formula Program	Police, Idaho State	$79,347		$61,272	
16.021	Justice Systems Response to Families	Judicial Department	135,248			
16.034	Coronavirus Emergency Supplemental Funding Program	Police, Idaho State	29,343	COVID-19		
16.540	Juvenile Justice and Delinquency Prevention	Juvenile Corrections, Department of	156,054			
16.543	Missing Children's Assistance	Attorney General, Office of the	297,810			
16.550	State Justice Statistics Program for Statistical Analysis Centers	Police, Idaho State	157,575			
16.575	Crime Victim Assistance	Health and Welfare, Department of	14,272,499		13,937,305	
16.576	Crime Victim Compensation	Industrial Commission	1,199,737			
16.588	Violence Against Women Formula Grants	Police, Idaho State	1,053,890		800,580	
16.593	Residential Substance Abuse Treatment for State Prisoners	Police, Idaho State	174,956		97,548	
16.606	State Criminal Alien Assistance Program	Correction, Department of	237,604			
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Police, Idaho State	366,795		119,900	
16.741	DNA Backlog Reduction Program	Police, Idaho State	574,226			
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Police, Idaho State	329,585			
16.750	Support for Adam Walsh Act Implementation Grant Program	Police, Idaho State	170,787			
16.754	Harold Rogers Prescription Drug Monitoring Program	Health and Welfare, Department of	297,667		223,034	
16.754	Harold Rogers Prescription Drug Monitoring Program	Pharmacy, Board of	297,422			
	Total 16.754		$595,089		$223,034	
16.812	Second Chance Act Reentry Initiative	Correction, Department of	$480,056			
16.813	NICS Act Record Improvement Program	Police, Idaho State	109,126			
16.827	Justice Reinvestment Initiative	Correction, Department of	820,652			
16.839	STOP School Violence	Health and Welfare, Department of	9,624			
16.922	Equitable Sharing Program	Police, Idaho State	34,782			
	TOTAL DEPARTMENT OF JUSTICE		$21,284,785		$15,239,639	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
	DEPARTMENT OF LABOR					
	EMPLOYMENT SERVICE CLUSTER					
17.207	Employment Service/Wagner-Peyser Funded Activities	Labor, Department of	$5,137,422			
17.801	Jobs for Veterans State Grants	Labor, Department of	860,460			
	TOTAL EMPLOYMENT SERVICE CLUSTER		$5,997,882			
	WIOA CLUSTER					
17.258	WIA Adult Program	Labor, Department of	$2,161,140		$136,898	
17.259	WIA Youth Activities	Labor, Department of	1,906,850		103,642	
17.278	WIA Dislocated Workers Formula Grants	Labor, Department of	1,625,926		13,727	
	TOTAL WIOA CLUSTER		$5,693,916		$254,267	
	NON-CLUSTER PROGRAMS					
17.225	Unemployment Insurance	Labor, Department of	$169,744,820			
17.225	Unemployment Insurance	Labor, Department of	478,512,077	COVID-19		
	Total 17.225		$648,256,897			
17.235	Senior Community Service Employment Program	Aging, Commission on	$395,543		$369,421	
17.245	Trade Adjustment Assistance	Labor, Department of	580,336			
17.261	WIA Pilots, Demonstrations, and research Projects	Labor, Department of	166,433			
17.268	H-1B Job Training Grants	Career-Technical Education, Division of	91,433		24,626	
17.271	Work Opportunity Tax Credit Program (WOTC)	Labor, Department of	78,448			
17.273	Temporary Labor Certification for Foreign Workers	Labor, Department of	272,379			
17.277	WIOA National Dislocated Worker Grants/WIA National Emergency Grants	Labor, Department of	639,711	COVID-19		
17.285	Apprenticeship USA Grants	Labor, Department of	555,715			
17.285	Apprenticeship USA Grants	Workforce Development Council	422,594		333,627	
	Total 17.285		$978,309		$333,627	
17.287	Job Corps Experimental Projects and Technical Assistance	Labor, Department of	$3,446,895		$781,622	
17.805	Homeless Veterans Reintegration Project	Labor, Department of	22,674			
	TOTAL NON-CLUSTERED PROGRAMS		$654,929,058		$1,509,296	
	TOTAL DEPARTMENT OF LABOR		$666,620,856		$1,763,563	
	DEPARTMENT OF TRANSPORTATION					
	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
20.205	Highway Planning and Construction	Transportation Department, Idaho	$379,638,059		$3,327,486	
20.219	Recreational Trails Program	Parks and Recreation, Department of	1,405,193		1,078,417	
	TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER		$381,043,252		$4,405,903	
	FMCSA CLUSTER					
20.218	National Motor Carrier Safety	Police, Idaho State	$1,743,041			
20.237	Commercial vehicle Information Systems and Networks	Transportation Department, Idaho	809,360			
	TOTAL FMCSA CLUSTER		$2,552,401			
	FEDERAL TRANSIT CLUSTER					
20.500	Federal Transit Capital Investment Grants	Transportation Department, Idaho	$6,207		$6,207	
20.526	Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Transportation Department, Idaho	3,497,232		3,497,232	
	TOTAL FEDERAL TRANSIT CLUSTER		$3,503,439		$3,503,439	
	TRANSIT SERVICES PROGRAMS CLUSTER					
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Transportation Department, Idaho	$993,208		$918,012	
	TOTAL TRANSIT SERVICES PROGRAMS CLUSTER		$993,208		$918,012	
	HIGHWAY SAFETY CLUSTER					
20.600	State and Community Highway Safety	Transportation Department, Idaho	$2,552,654		$1,284,082	
20.616	National Priority Safety Programs	Transportation Department, Idaho	2,161,088		1,320,742	
	TOTAL HIGHWAY SAFETY CLUSTER		$4,713,742		$2,604,824	
	NON-CLUSTERED PROGRAMS					
20.106	Airport Improvement Program	Transportation Department, Idaho	$576,876			
20.232	Commercial Driver's License Program Improvement Grant	Transportation Department, Idaho	111,628			
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Transportation Department, Idaho	3,300			
20.509	Formula Grants for Rural Areas	Transportation Department, Idaho	7,523,143		$7,061,069	
20.509	Formula Grants for Rural Areas	Transportation Department, Idaho	5,877,684	COVID-19	3,951,007	COVID-19
	Total 20.509		$13,400,827		$11,012,076	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
20.700	Pipeline Safety Program	Public Utilities Commission	$238,619			
20.703	Interagency Hazardous Materials Public Sector Training & Planning Grants	Military, Division of	44,993		$22,610	
20.720	State Damage Prevention Program Grants	Building Safety, Division of	351,266			
20.721	PHMSA Pipeline Safety Program One Call Grant	Public Utilities Commission	51,816		51,816	
	TOTAL NON-CLUSTERED PROGRAMS		$14,779,325		$11,086,502	
	TOTAL DEPARTMENT OF TRANSPORTATION		$407,585,367		$22,518,680	
	US TREASURY					
21.016	Equitable Share	Police, Idaho State	$215,064			
21.019	Coronavirus Relief Fund	Governor, Office of the	1,034,592,935	COVID-19	$461,971,594	COVID-19
21.023	Emergency Rental Assistance Program	Governor, Office of the	20,000,000	COVID-19	20,000,000	COVID-19
	TOTAL US TREASURY		$1,054,807,999		$481,971,594	
	GENERAL SERVICES ADMINISTRATION					
39.003	Donation of Federal Surplus Personal Property	Administration, Department of	$995,714	NC		
	TOTAL GENERAL SERVICES ADMINISTRATION		$995,714			
	NATIONAL ENDOWMENT FOR THE HUMANITIES					
45.025	Promotion of the Arts - Partnership Agreements	Arts, Commission on the	$730,232		$329,881	
45.025	Promotion of the Arts - Partnership Agreements	Arts, Commission on the	430,700	COVID-19	430,700	COVID-19
	Total 45.025		$1,160,932		$760,581	
45.164	Promotion of the Humanities Public Programs (B)	Historical Society, Idaho State	$141,000			
Pass-Through From Non-State Entities						
45.129	Promotion of the Humanities - Federal/State Partnership Idaho Humanities Council; Grantor Number H20001	Libraries, Idaho Commission for	581	PT		
	TOTAL NATIONAL ENDOWMENT ON ARTS & HUMANITIES		$1,302,513		$760,581	
	INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
45.310	Grants to States	Libraries, Idaho Commission for	$1,272,532		$56,868	
45.310	LSTA CARES ACT State Grants	Libraries, Idaho Commission for	88,278	COVID-19	10,000	COVID-19
	TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES		$1,360,810		$66,868	
	NATIONAL SCIENCE FOUNDATION					
47.076	Education and Human Resources	STEM Action Center	$70,694			
	TOTAL NATIONAL SCIENCE FOUNDATION		$70,694			
	SMALL BUSINESS ADMINISTRATION					
59.061	State Trade and Export Promotion Pilot Grant Program	Commerce, Department of	$177,738		$168,631	
	TOTAL SMALL BUSINESS ADMINISTRATION		$177,738		$168,631	
	DEPARTMENT OF VETERANS AFFAIRS					
64.005	State Veterans Home Construction	Veterans Services, Division of	$2,453,994			
64.014	Veterans State Domiciliary Care	Veterans Services, Division of	257,935			
64.014	Veterans State Domiciliary Care	Veterans Services, Division of	708	COVID-19		
	Total 64.014		$258,643			
64.015	Veterans State Nursing Home Care	Veterans Services, Division of	$13,387,928			
64.015	Veterans State Nursing Home Care	Veterans Services, Division of	3,233,752	COVID-19		
	Total 64.015		$16,621,680			
64.101	Burial Expense Allowances for Veterans	Veterans Services, Division of	$458,134			
64.203	State Veterans Cemetery Construction	Veterans Services, Division of	3,677,283			
	TOTAL DEPARTMENT OF VETERANS AFFAIRS		$23,469,734			
	ENVIRONMENTAL PROTECTION AGENCY					
	CLEAN WATER STATE REVOLVING FUND CLUSTER					
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Quality, Department of	$7,576,594			
	TOTAL CLEAN WATER STATE REVOLVING FUND CLUSTER		$7,576,594			
	DRINKING WATER STATE REVOLVING FUND CLUSTER					
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Environmental Quality, Department of	$10,282,847		$358,012	
	TOTAL DRINKING WATER STATE REVOLVING FUND CLUSTER		$10,282,847		$358,012	

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STATE OF IDAHO
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BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
	NON-CLUSTERED PROGRAMS					
66.032	State Indoor Radon Grants	Health and Welfare, Department of	$73,288			
66.034	Surveys, Studies, Research, Investigations, Demonstrations & Special Purpose Activities Relating to the Clean Air Act	Environmental Quality, Department of	433,912			
66.039	National Clean Diesel Emissions Reduction Program	Environmental Quality, Department of	403,543			
66.040	State Clean Diesel Grant Program	Environmental Quality, Department of	314,885			
66.202	Congressionally Mandated Projects	Environmental Quality, Department of	787,865		$210,320	
66.204	Multipurpose Grants to States and Tribes	Agriculture, Department of	$25,669			
66.204	Multipurpose Grants to States and Tribes	Environmental Quality, Department of	79,410			
66.204	Multipurpose Grants to States and Tribes	Fish and Game, Department of	14,500			
66.204	Multipurpose Grants to States and Tribes	Health and Welfare, Department of	35,632			
	Total 66.204		$155,211		$0	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Quality, Department of	$1,631,507			
66.432	State Public Water System Supervision	Environmental Quality, Department of	1,928,141			
66.433	State Underground Water Source Protection	Water Resources, Department of	90,602			
66.442	Assistance for Small and Disadvantaged Communities Drinking Water Program Grant (SDWA 1459A)	Environmental Quality, Department of	68,337		$68,337	
66.444	Lead Testing in School and Child Care Program Drinking Water Grant Program	Environmental Quality, Department of	5,272			
66.454	Water Quality Management Planning	Environmental Quality, Department of	108,709			
66.460	Nonpoint Source Implementation Grants	Environmental Quality, Department of	1,776,930		1,163,093	
66.461	Regional Wetland Program Development Grants	Environmental Quality, Department of	13,469			
66.461	Regional Wetland Program Development Grants	Fish and Game, Department of	107,405			
	Total 66.461		$120,874		$0	
66.605	Performance Partnership Grants	Environmental Quality, Department of	$1,075,890			
66.608	Environmental Info. Exchange Network Grant Prog. and Related Assist.	Environmental Quality, Department of	51,136			
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Agriculture, Department of	482,627			
66.708	Pollution Prevention Grants Program	Environmental Quality, Department of	70,233		$54,457	
66.801	Hazardous Waste Management State Program Support	Environmental Quality, Department of	391,868		12,666	
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Coop Agmts.	Environmental Quality, Department of	2,674,047		907,821	
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Quality, Department of	318,151			
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Quality, Department of	570,346			
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality, Department of	224,966			
66.817	State and Tribal Response Program Grants	Environmental Quality, Department of	724,192			
	TOTAL NON-CLUSTERED PROGRAMS		$14,482,532		$2,416,694	
	TOTAL ENVIRONMENTAL PROTECTION AGENCY		$32,341,973		$2,774,706	
	DEPARTMENT OF ENERGY					
81.041	State Energy Program	Energy Resources, Office of	$508,105			
81.041	State Energy Program	Fish and Game, Department of	43,074			
	Total 81.041		$551,179			
81.042	Weatherization Assistance for Low-Income Persons	Health and Welfare, Department of	$2,560,762		$2,546,704	
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	Environmental Quality, Department of	1,995,576			
81.U14	Tributary Water Conservation	Water Resources, Department of	462,495			
81.U17	Miscellaneous Bonneville Power Administration Grants	Fish and Game, Department of	12,300,810			
81.U17	Miscellaneous Bonneville Power Administration Grants	Species Conservation, Office of	3,214,609		814,626	
	Total 81.U17		$15,515,419		$814,626	
81.U18	Weatherization Conference	Health and Welfare, Department of	$692,694		$368,215	
81.U30	Miscellaneous Pacific States Marine Fisheries Commission Grants	Fish and Game, Department of	714,726			
	Pass-Through From Non-State Entities					
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	Environmental Quality, Department of	139,559			
	Western Governors' Association; Grantor Number MOA 30-316-04H, MOA 30-316-04G					
	TOTAL DEPARTMENT OF ENERGY		$22,632,410		$3,729,545	
	DEPARTMENT OF EDUCATION					
	SPECIAL EDUCATION CLUSTER (IDEA)					
84.027	Special Education Grants to States	Superintendent of Public Instruction	$58,275,714		$55,845,363	
84.173	Special Education Preschool Grants	Superintendent of Public Instruction	2,184,486		2,184,486	
	TOTAL SPECIAL EDUCATION CLUSTER (IDEA)		$60,460,200		$58,029,849	

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	NON-CLUSTERED PROGRAMS					
84.002	Adult Education - Basic Grants to States	Career-Technical Education, Division of	$2,660,039		$2,469,091	
84.010	Title I Grants to Local Educational Agencies	Superintendent of Public Instruction	57,512,017		56,660,899	
84.011	Migrant Education - State Grant Program	Superintendent of Public Instruction	4,539,495		4,170,003	
84.013	Title I State Agency Program for Neglected & Delinquent Children & Youth	Superintendent of Public Instruction	557,879		200,235	
84.048	Career and Technical Education - Basic Grants to States	Career-Technical Education, Division of	6,897,266		5,946,095	
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Blind and Visually Impaired, Commission for the	2,480,174			
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Vocational Rehabilitation, Division of	$13,280,612			
	Total 84.126		$15,760,786		$0	
84.144	Migrant Education Coordination Program	Superintendent of Public Instruction	$80,122		$25,921	
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who Are Blind	Blind and Visually Impaired, Commission for the	206,433			
84.181	Special Education - Grants for Infants and Families	Health and Welfare, Department of	2,327,372			
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	Vocational Rehabilitation, Division of	292,707			
84.196	Education for Homeless Children and Youth	Superintendent of Public Instruction	314,907		229,658	
84.287	Twenty-First Century Community Learning Centers	Superintendent of Public Instruction	4,969,883		4,590,636	
84.323	Special Education - State Personnel Development	Superintendent of Public Instruction	122,271		5,000	
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Superintendent of Public Instruction	1,299,944		705,009	
84.358	Rural Education	Superintendent of Public Instruction	344,143		328,107	
84.365	English Language Acquisition State Grants	Superintendent of Public Instruction	2,172,111		2,007,215	
84.367	Improving Teacher Quality State Grants	Superintendent of Public Instruction	9,416,599		8,888,603	
84.369	Grants for State Assessments and Related Activities	Superintendent of Public Instruction	2,854,962			
84.377	School Improvement Grants	Superintendent of Public Instruction	115,683		115,683	
84.424	Student Support and Academic Enrichment Program	Superintendent of Public Instruction	5,436,113		5,319,384	
84.425C	Education Stabilization Fund - Governor's Emergency Relief Fund	Education, State Board of	11,307,775	COVID-19	8,682,999	COVID-19
84.425D	Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	Superintendent of Public Instruction	52,965,681	COVID-19	52,950,134	COVID-19
	Total 84.425		$64,273,456		$61,633,133	
84.426	Randolph-Sheppard - Financial Relief and Restoration Payments	Blind and Visually Impaired, Commission for the	$124,646	COVID-19		COVID-19
	TOTAL NON-CLUSTERED PROGRAMS		$182,278,834		$153,294,672	
	TOTAL DEPARTMENT OF EDUCATION		$242,739,034		$211,324,521	
	NATIONAL ARCHIVES AND RECORDS ADMINISTRATION					
89.003	National Historical Publications and Records Grants	Historical Society, Idaho State	$3,789		$1,039	
	TOTAL NATIONAL ARCHIVES AND RECORDS ADMIN		$3,789		$1,039	
	ELECTION ASSISTANCE COMMISSION					
90.404	HAVA Election Security Grants	Secretary of State	$1,760,286		$826,807	
90.404	HAVA Election Security Grants	Secretary of State	2,850,233	COVID-19	2,006,599	COVID-19
	TOTAL ELECTION ASSISTANCE COMMISSION		$4,610,519		$2,833,406	
	HEALTH AND HUMAN SERVICES					
	AGING CLUSTER					
93.044	Grants for Supportive Services and Senior Centers	Aging, Commission on	$1,542,759		$1,470,363	
93.044	Grants for Supportive Services and Senior Centers	Aging, Commission on	879,482	COVID-19	839,486	COVID-19
	Total 93.044		$2,422,241		$2,309,849	
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	Aging, Commission on	$3,253,168		$2,968,789	
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	Aging, Commission on	1,900,462	COVID-19	1,899,971	COVID-19
	Total 93.045		$5,153,630		$4,868,760	
93.053	Nutrition Services Incentive Program	Aging, Commission on	$806,027		$806,027	
	TOTAL AGING CLUSTER		$8,381,898		$7,984,636	
	CCDF CLUSTER					
93.575	Child Care and Development Block Grant	Health and Welfare, Department of	$25,720,168		$1,988,112	
93.575	Child Care and Development Block Grant (CARES Act)	Health and Welfare, Department of	31,941,728	COVID-19	30,320,980	COVID-19
	Total 93.575		$57,661,896		$32,309,092	
93.596	Child Care Mandatory & Matching Funds of Child Care & Develop. Fund	Health and Welfare, Department of	$14,554,151			
	TOTAL CCDF CLUSTER		$72,216,047		$32,309,092	
	HEAD START CLUSTER					
93.600	Head Start	Health and Welfare, Department of	$146,297			
	TOTAL HEAD START CLUSTER		$146,297			

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	MEDICAID CLUSTER					
93.775	State Medicaid Fraud Control Units	Attorney General, Office of the	$684,292			
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Welfare, Department of	1,311,433			
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Welfare, Department of	195,904	COVID-19		
	Total 93.777		$1,507,337			
93.778	Medical Assistance Program	Health and Welfare, Department of	$2,335,329,387		$785,581	
	TOTAL MEDICAID CLUSTER		$2,337,521,016		$785,581	
	NON-CLUSTER PROGRAMS					
93.041	Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Aging, Commission on	$23,429		$20,000	
93.042	Long Term Care Ombudsman Services for Older Individuals	Aging, Commission on	49,204		49,204	
93.042	Long Term Care Ombudsman Services for Older Individuals	Aging, Commission on	55,642.0	COVID-19	55,641	COVID-19
	Total 93.042		$104,846		$104,845	
93.043	Disease Prevention and Health Promotion Services	Aging, Commission on	$133,156		$121,179	
93.048	Special Programs for the Aging - Discretionary Projects	Aging, Commission on	238,545		132,605	
93.048	Special Programs for the Aging - Discretionary Projects	Aging, Commission on	202,887	COVID-19	164,887	COVID-19
	Total 93.048		$441,432		$297,492	
93.051	Alzheimer's Disease Demonstration Grants to States	Aging, Commission on	$188,392		$155,647	
93.052	National Family Caregiver Support	Aging, Commission on	979,522		978,983	
93.052	National Family Caregiver Support	Aging, Commission on	591,661	COVID-19	404,549	COVID-19
	Total 93.052		$1,571,183		$1,383,532	
93.069	Public Health Emergency Preparedness	Health and Welfare, Department of	$4,509,239		$2,837,851	
93.070	Environmental Public Health and Emergency Response	Health and Welfare, Department of	13,451			
93.071	Medicare Enrollment Assistance Program	Aging, Commission on	86,612		62,406	
93.071	Medicare Enrollment Assistance Program	Insurance, Department of	124,718			
	Total 93.071		$211,330		$62,406	
93.072	Lifespan Respite Care Program	Aging, Commission on	$289,487		$224,842	
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Superintendent of Public Instruction	92,927			
93.090	Guardianship Assistance	Health and Welfare, Department of	65,432			
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Welfare, Department of	232,066		153,970	
93.103	Food and Drug Administration Research	Agriculture, Department of	453,042		141,778	
93.103	Food and Drug Administration Research	Health and Welfare, Department of	41,226			
	Total 93.103		$494,268		$141,778	
93.110	Maternal and Child Health Federal Consolidated Programs	Health and Welfare, Department of	$95,765			
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health and Welfare, Department of	91,995		$44,955	
93.127	Emergency Medical Services for Children	Health and Welfare, Department of	128,524			
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	Health and Welfare, Department of	174,313			
93.136	Injury Prevent. & Control Research and State and Community Based Programs	Health and Welfare, Department of	2,525,427		732,709	
93.136	Injury Prevent. & Control Research and State and Community Based Programs	Health and Welfare, Department of	17,605	COVID-19	17,559	COVID-19
	Total 93.136		$2,543,032		$750,268	
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Health and Welfare, Department of	$236,898		$236,063	
93.165	Grants to States for Loan Repayment Program	Health and Welfare, Department of	132,500		110,000	
93.217	Family Planning Services	Health and Welfare, Department of	1,529,296		1,349,372	
93.235	Affordable Care Act (ACA) Abstinence Education Program	Health and Welfare, Department of	207,229		83,170	
93.236	Grants to States to Support Oral Health Workforce Activities	Health and Welfare, Department of	326,838		106,920	
93.240	State Capacity Building	Health and Welfare, Department of	168,584			
93.241	State Rural Hospital Flexibility Program	Health and Welfare, Department of	661,432		162,069	
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Drug Policy, Office of	1,967,472		1,641,067	
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Health and Welfare, Department of	959,476			
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Superintendent of Public Instruction	1,276,830		68,970	
	Total 93.243		$4,203,778		$1,710,037	
93.251	Early Hearing Detection and Intervention	Health and Welfare, Department of	$260,804		$28,692	
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	1,706,376		54,841	
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	4,329,214	COVID-19	555,905	COVID-19

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	$25,188,501	NC		
	Total 93.268		$31,224,091		$610,746	
93.270	Adult Viral Hepatitis Prevention and Control	Health and Welfare, Department of	$136,749		$69,502	
93.301	Small Rural Hospital Improvement Grant Program	Health and Welfare, Department of	314,962		289,574	
93.301	Small Rural Hospital Improvement Grant Program	Health and Welfare, Department of	1,913,008	COVID-19	1,909,945	COVID-19
	Total 93.301		$2,227,970		$2,199,519	
93.305	National State Based Tobacco Control Programs	Health and Welfare, Department of	$37,417		$28,496	
93.314	Early Hearing Detection and Intervention Info. Syst. (EHDI-IS) Surveillance Prog.	Health and Welfare, Department of	163,716			
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Welfare, Department of	1,343,899.0		349,166.0	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Welfare, Department of	15,319,562	COVID-19	7,831,612	COVID-19
	Total 93.323		$16,663,461		$8,180,778	
93.324	State Health Insurance Assistance Program	Insurance, Department of	$171,930			
93.336	Behavioral Risk Factor Surveillance System	Health and Welfare, Department of	272,136			
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (COVID-19 Crisis Response)	Health and Welfare, Department of	3,426,859	COVID-19	$2,523,159	COVID-19
93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	Health and Welfare, Department of	326,502		86,329	
93.369	ACL Independent Living State Grants	Vocational Rehabilitation, Division of	370,899		257,016	
93.387	National and State Tobacco Control Program	Health and Welfare, Department of	886,856		397,227	
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	Health and Welfare, Department of	1,755,193		556,352	
93.434	Every Student Succeeds Act/Preschool Development Grants	Public Television, Idaho	11,612			
93.498	Provider Relief Fund	Veterans Services, Division of	1,012,807	COVID-19		
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	Health and Welfare, Department of	119,106			
93.556	Promoting Safe and Stable Families	Health and Welfare, Department of	2,705,422		4,236	
93.558	Temporary Assistance for Needy Families	Health and Welfare, Department of	19,251,401		986,728	
93.563	Child Support Enforcement	Health and Welfare, Department of	9,044,891			
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Health and Welfare, Department of	555,743		79,774	
93.568	Low-Income Home Energy Assistance	Health and Welfare, Department of	30,104,895		7,901,293	
93.568	Low-Income Home Energy Assistance (CARES Act)	Health and Welfare, Department of	(17,257)	COVID-19		
	Total 93.568		$30,087,638		$7,901,293	
93.569	Community Services Block Grant	Health and Welfare, Department of	$3,801,109		$3,667,231	
93.569	Community Services Block Grant	Health and Welfare, Department of	1,196,200	COVID-19	1,112,210	COVID-19
	Total 93.569		$4,997,309		$4,779,441	
93.576	Refugee and Entrant Assistance Discretionary Grants	Health and Welfare, Department of	$41,941		$41,165	
93.586	State Court Improvement Program	Judicial Department	334,965			
93.590	Community-Based Child Abuse Prevention Grants	Health and Welfare, Department of	187,217			
93.597	Grants to States for Access and Visitation Programs	Health and Welfare, Department of	100,032			
93.599	Chafee Education and Training Vouchers Program	Health and Welfare, Department of	42,864			
93.603	Adoption and Legal Guardianship Incentive Payments	Health and Welfare, Department of	172,914			
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Health and Welfare, Department of	442,188		50,638	
93.643	Children's Justice Grants To States	Health and Welfare, Department of	90,676			
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Health and Welfare, Department of	1,548,589			
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Health and Welfare, Department of	274,769	COVID-19		
	Total 93.645		$1,823,358		$0	
93.658	Foster Care - Title IV-E	Health and Welfare, Department of	$19,458,798			
93.659	Adoption Assistance	Health and Welfare, Department of	10,555,022			
93.665	Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	Health and Welfare, Department of	1,136,876	COVID-19	$234,763	COVID-19
93.667	Social Services Block Grant	Health and Welfare, Department of	7,711,630		40,880	
93.669	Child Abuse and Neglect State Grants	Health and Welfare, Department of	412,756			
93.671	Family Violence Prevent & Services/Domestic Violence Shelter & Sup. Services	Health and Welfare, Department of	1,082,831		1,013,286	
93.671	Family Violence Prevent & Services/Domestic Violence Shelter & Sup. Services	Health and Welfare, Department of	125,803	COVID-19	125,488	COVID-19
	Total 93.671		$1,208,634		$1,138,774	

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AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Welfare, Department of	$535,551			
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs (PPHF)	Aging, Commission on	59,937		$50,797	
93.735	State Pub. Health Approach Ensuring Quitline Cap. Funded in Part by PPHF	Health and Welfare, Department of	8,877			
93.747	Elder Abuse Prevention Interventions Program	Aging, Commission on	152,235		73,218	
93.767	Children's Health Insurance Program	Health and Welfare, Department of	76,318,867			
93.788	Opioid STR	Health and Welfare, Department of	4,912,653		3,927,272	
93.791	Money Follows the Person Rebalancing Demonstration	Health and Welfare, Department of	1,787,701			
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	Health and Welfare, Department of	738,379			
93.800	Organized Approaches to Increase Colorectal Cancer Screening	Health and Welfare, Department of	130,738		112,847	
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	Health and Welfare, Department of	63,386		63,386	
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	Health and Welfare, Department of	2,637,329		2,072,619	
93.889	National Bioterrorism Hospital Preparedness Program	Health and Welfare, Department of	1,118,754		781,094	
93.889	National Bioterrorism Hospital Preparedness Program	Health and Welfare, Department of	225,056	COVID-19	59,248	COVID-19
	Total 93.889		$1,343,810		$840,342	
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	Health and Welfare, Department of	$1,243,777		$380,577	
93.913	Grants to States for Operation of State Offices of Rural Health	Health and Welfare, Department of	240,831			
93.917	HIV Care Formula Grants	Health and Welfare, Department of	3,668,623		749,801	
93.917	HIV Care Formula Grants	Health and Welfare, Department of	17,330	COVID-19	4,815	COVID-19
	Total 93.917		$3,685,953		$754,616	
93.940	HIV Prevention Activities - Health Department Based	Health and Welfare, Department of	$998,505		$447,324	
93.958	Block Grants for Community Mental Health Services	Health and Welfare, Department of	4,102,784		50,000	
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Welfare, Department of	5,063,696		617,829	
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Welfare, Department of	351,832		211,070	
93.982	Mental Health Disaster Assistance and Emergency Mental Health	Health and Welfare, Department of	815,809		393,499	
93.982	Mental Health Disaster Assistance and Emergency Mental Health	Military, Division of	139,687			
	Total 93.982		$955,496		$393,499	
93.991	Preventive Health and Health Services Block Grant	Health and Welfare, Department of	$510,858		$259,338	
93.994	Maternal and Child Health Services Block Grant to the States	Health and Welfare, Department of	2,733,716		1,163,522	
	Pass-Through From Non-State Entities					
93.103	Food and Drug Administration Research Association of Food & Drug Officials; Grantor Number Grant # G-ME-2004-02385 & G-1910-02115 & G-ME-2003-02265 & G-2010-02651	Agriculture, Department of	23,174	PT		
	TOTAL NON-CLUSTER PROGRAMS		$296,901,290		$51,670,160	
	TOTAL HEALTH AND HUMAN SERVICES		$2,715,166,548		$92,749,469	
	CORPORATION FOR NATIONAL & COMMUNITY SERVICE					
94.003	State Commissions	Labor, Department of	$278,040			
94.006	AmeriCorps	Labor, Department of	1,225,272		$1,215,043	
94.008	Commission Investment Fund	Labor, Department of	185,961			
94.013	Volunteers in Service to America	Correction, Department of	2,140			
	TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICE		$1,691,413		$1,215,043	
	EXECUTIVE OFFICE OF THE PRESIDENT					
	Pass-Through From Non-State Entities					
95.001	High Intensity Drug Trafficking Areas Program Office of National Drug Control Policy The White House 1600 Pennsylvania Ave., NW Washington, DC 20500	Police, Idaho State	$349,293	PT	$114,953	PT
	TOTAL EXECUTIVE OFFICE OF THE PRESIDENT		$349,293		$114,953	
	SOCIAL SECURITY ADMINISTRATION					
	DISABILITY INSURANCE/SSI CLUSTER					
96.001	Social Security Disability Insurance	Labor, Department of	$9,163,553		$33,476	
	TOTAL DISABILITY INSURANCE/SSI CLUSTER		$9,163,553		$33,476	
	NON-CLUSTERED PROGRAMS					
96.U23	Vital Statistics Birth Records Grants	Health and Welfare, Department of	$76,304			
96.U24	Vital Statistics Cooperative Program	Health and Welfare, Department of	180,510			
96.U25	Social Security Birth and Death Reports	Health and Welfare, Department of	56,426			
	TOTAL NON-CLUSTERED PROGRAMS		$313,240			

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
	TOTAL SOCIAL SECURITY ADMINISTRATION		$9,476,793		$33,476	
	DEPARTMENT OF HOMELAND SECURITY					
97.008	Nonprofit Security Grant Program	Military, Division of	$46,500		$46,500	
97.012	Boating Safety Financial Assistance	Parks and Recreation, Department of	1,183,347		713,793	
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	Water Resources, Department of	103,208			
97.032	Crisis Counseling	Health and Welfare, Department of	16,782			
97.032	Crisis Counseling Assistance and Training Program	Military, Division of	318,962			
	Total 97.032		$335,744		$0	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Environmental Quality, Department of	$17,173		$17,173	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Health and Welfare, Department of	11,202,585	COVID-19	11,202,585	COVID-19
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military, Division of	19,887,941		8,536,464	
	Total 97.036		$31,107,699		$19,756,222	
97.039	Hazard Mitigation Grant	Military, Division of	$107,489		$52,737	
97.041	National Dam Safety Program	Water Resources, Department of	76,581			
97.042	Emergency Management Performance Grants	Military, Division of	3,514,094		1,485,016	
97.045	Cooperating Technical Partners	Military, Division of	52,976			
97.045	Cooperating Technical Partners	Water Resources, Department of	49,219			
	Total 97.045		$102,195		$0	
97.046	Fire Management Assistance Grant	Military, Division of	$1,723,560		$1,719,521	
97.047	Pre-Disaster Mitigation	Military, Division of	210,322		117,397	
97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Labor, Department of	43,724,692			
97.067	Homeland Security Grant Program	Military, Division of	3,157,055		2,575,789	
97.082	Earthquake Hazards Reduction Program	Military, Division of	15,277			
	TOTAL DEPARTMENT OF HOMELAND SECURITY		$85,407,763		$26,466,975	
	RESEARCH AND DEVELOPMENT CLUSTER					
	DEPARTMENT OF AGRICULTURE					
10.170	Specialty Crop Block Grant Program - Farm Bill Research and Development Cluster: Agricultural Marketing Service	Agriculture, Department of	$456,189	R&D	$336,276	R&D
10.304	Homeland Security - Agricultural Research and Development Cluster: National Institute of Food and Agriculture University of California, Davis; Grantor Number Prime Agrmt No. 2016-37620-25851 or Research Agrmt No. 201603794-11	Agriculture, Department of	4,683	PT, R&D		
	TOTAL DEPARTMENT OF AGRICULTURE		$460,872		$336,276	
	DEPARTMENT OF THE INTERIOR					
15.981	Water Use Data and Research Research and Development Cluster: United States Geological Survey	Water Resources, Department of	$35,065	R&D		
	TOTAL DEPARTMENT OF THE INTERIOR		$35,065			
	DEPARTMENT OF LABOR					
17.002	Labor Force Statistics Research and Development Cluster: Bureau of Labor Statistics	Labor, Department of	$577,641	R&D		
17.005	Compensation and Working Conditions Research and Development Cluster: Compensation and Working Conditions	Labor, Department of	12,490	R&D		
	TOTAL DEPARTMENT OF LABOR		$590,131			
	DEPARTMENT OF TRANSPORTATION					
20.205	Highway Planning and Construction Research and Development Cluster: Federal Highway Administration	Transportation Department, Idaho	$911,579	R&D		
	TOTAL DEPARTMENT OF TRANSPORTATION		$911,579			
	HEALTH AND HUMAN SERVICES					
93.631	Developmental Disabilities Projects of National Significance Research and Development Cluster: Administration for Community Living Administration for Community Living (ACL) Regents of the University of Idaho Grantor ID: DD3083-SB-854941	Health and Welfare, Department of	$38,218	PT, R&D		

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AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
	TOTAL HEALTH AND HUMAN SERVICES		$38,218			
	TOTAL RESEARCH AND DEVELOPMENT CLUSTER		$2,035,865		$336,276	
	TOTAL EXPENDITURES OF FEDERAL AWARDS		$5,960,383,825		$1,002,418,077	

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The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

STATE OF IDAHO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – PURPOSE OF THE SCHEDULE

The supplementary Schedule of Expenditures of Federal Awards (schedule) are in addition to the State's basic financial statements and are presented for purposes of additional analysis. The schedule by federal agency is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements for Federal Awards* (*Uniform Guidance*). *Uniform Guidance* is issued by the Office of Management and Budget (OMB) pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The reporting entity includes all State departments and entities included in the State's *Annual Comprehensive Financial Report* (*ACFR*). This report includes all federal awards except for the colleges and universities and the Idaho Housing and Finance Association, which are audited by independent certified public accountants and published under separate cover.

B. Basis of Accounting

The schedules were prepared using the cash basis of accounting. Expenditures are recognized when paid rather than when obligations are incurred. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Negative amounts shown on the Schedule of Federal Expenditures represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The following Agencies use the 10% de Minimis indirect cost rate: The Office of Drug Policy, Idaho Public Television, Idaho Career and Technical Education, and the STEM Action Center.

C. Basis of Presentation

Expenditures of Federal Awards – In accordance with the *Uniform Guidance*, federal awards are federal cost-reimbursement contracts or federal financial assistance (cash or non-cash) in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance. Awards may be received directly from a federal agency or indirectly from a pass-through entity. Contracts between the State and Federal government for which the Federal Government procures tangible goods or services are not considered to be expenditures of federal awards.

Assistance listing – refers to the publicly available listing of federal assistance programs managed and administered by the General Services Administration, formerly known as the Catalog of Federal Domestic Assistance (CFDA).

Assistance listing number – a unique number assigned to identify a federal assistance listing, formerly known as the CFDA Number.

Uniform Guidance requires the schedules to provide total federal awards expended by the State for each individual federal program by Assistance Listing (AL) number. Federal programs that have not been assigned a specific AL number are assigned a miscellaneous AL number – the first two digits (prefix) of a miscellaneous AL number identify the federal awarding agency followed by a three-digit extension (e.g. U01, U02, etc.).

Program Clusters – Closely related programs with different assistance listing numbers that share common compliance requirements are considered "program clusters." The Schedule of Expenditures of Federal Awards by Federal Agency displays programs by program cluster as mandated by the *Uniform Guidance*. Programs not included within a designated cluster are presented under the title "NON-CLUSTERED PROGRAMS." Programs identified as research and development are grouped together in the “RESEARCH AND DEVELOPMENT CLUSTER.”

Valuation of Non-Cash Assistance – Non-cash awards are identified by "NC" on the schedules. Non-cash expenditures of federal awards were determined as follows:

1. AL 10.178, Trade Mitigation Program Eligible Recipient Agency Operational Funds – reported at the fair market value of the food commodities distributed.

2. AL 10.551, Supplemental Nutrition Assistance Program (SNAP) – reported at the dollar value of electronic benefit transfers authorized and used for food purchases by recipients.

3. AL 10.555, National School Lunch Program – reported at the fair market value of the food commodities distributed.

4. AL 10.569, Emergency Food Assistance Program (Food Commodities) – reported at the fair market value of the food commodities distributed.

5. AL 39.003, Donation of Federal Surplus Personal Property – reported at the fair market value of donated property as determined by General Services Administration (GSA). GSA designated fair market value at 23.68% of original acquisition cost.

6. AL 93.268, Immunization Cooperative Agreements – reported at the federally assigned value of the serum distributed.

State Funds Included with Federal Funds – State unemployment insurance funds are included with federal funds in the total expenditures for AL 17.225. The State portion was $148,584,649 and the federal portion was $499,672,248.

NOTE 3 – LOANS OUTSTANDING

The following loan programs are administered on behalf of federal awarding agencies:

A. The Office of Energy Resources administers loan and grant programs (AL 81.041) for the U.S. Department of Energy. The original source of these funds was petroleum price violations. The funds are used to finance various energy conservation projects. The outstanding principal and interest at June 30, 2021, was $193,705. The Office of Energy Resources determined uncollectible accounts to be $0.

B. The Department of Environmental Quality administers loans for the Capitalization Grants for Clean Water State Revolving Funds (AL 66.458) and the Capitalization Grants for Drinking Water State Revolving Funds (AL 66.468). These revolving funds make loans to qualified agencies for various water treatment projects. The loans are funded by the federal capitalization grants, State match, and revolving funds. The loans are disbursed as borrowers incur costs and are repaid over 20 years starting within one year after project completion. Interest rates vary between 0 percent and 4.5 percent. Management considers all loans to be fully collectible, so there is no allowance for uncollectible accounts.

STATE OF IDAHO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Loan programs at June 30, 2021:

CAPITALIZATION GRANTS FOR CLEAN WATER - AL 66.458

	Loan Authorized	Principal Repayments	Remaining Commitment	Receivable Balance
Completed Projects	$303,591,279	$78,408,410		$225,182,869
Projects in Progress	$223,037,949		$161,076,987	$61,960,962
Totals	$526,629,228	$78,408,410	$161,076,987	$287,143,831
Less: Amount Due Within 1 Year				$13,466,275
Loans Receivable Net of Current Maturities				$273,677,556

CAPITALIZATION GRANTS FOR DRINKING WATER - AL 66.468

	Loan Authorized	Principal Repayments	Remaining Commitment	Receivable Balance
Completed Projects	$126,865,935	$45,624,862		$81,241,073
Projects in Progress	$120,577,536		$78,794,305	$41,783,231
Totals	$247,443,471	$45,624,862	$78,794,305	$123,024,304
Less: Amount Due Within 1 Year				$5,050,640
Loans Receivable Net of Current Maturities				$117,973,664

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

AUDITOR'S RESULTS

STATE OF IDAHO
SUMMARY OF AUDITOR'S RESULTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

BASIC FINANCIAL STATEMENTS

1. Type of auditor's report issued: ***Unmodified***

2. Internal control over financial reporting:
   - Material weaknesses identified? x yes ___ no
   - Significant deficiencies identified? x yes ___ none reported

3. Noncompliance material to financial statements noted? ___ yes x no

FEDERAL AWARDS

4. Internal control over major programs:
   - Material weaknesses identified? x yes ___ no
   - Significant deficiencies identified? x yes ___ none reported

5. Type of auditor's report issued on compliance for major programs:

SNAP Cluster	*Unmodified*
Child Nutrition Cluster	*Unmodified*
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	*Unmodified*
National Guard Military Operations and Maintenance Projects	*Unmodified*
Unemployment Insurance	*Unmodified*
Formula Grants for Rural Areas	*Unmodified*
Coronavirus Relief Fund	*Unmodified*
Emergency Rental Assistance Program	*Unmodified*
Title I Grants to Local Education Agencies	*Unmodified*
Special Education Cluster (IDEA)	*Unmodified*
Education Stabilization Fund	*Qualified*
Immunization Cooperative Agreements	*Unmodified*
Epidemiology and Laboratory Capacity for Infection Diseases (ELC)	*Unmodified*
CCDF Cluster	*Unmodified*
Medicaid Cluster	*Unmodified*
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	*Unmodified*
Presidential Declared Disaster Assistance	*Unmodified*

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the *Uniform Guidance*? x yes ___ no

7. Identification of major programs:

Program/Cluster Title	AL #
SNAP Cluster	10.551, 10.561
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559, 10.579
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
National Guard Military Operations and Maintenance Projects	12.401
Unemployment Insurance	17.225
Formula Grants for Rural Areas	20.509
Coronavirus Relief Fund	21.019

Emergency Rental Assistance Program	21.023
Title I Grants to Local Education Agencies	84.010
Special Education Cluster (IDEA)	84.027, 84.173
Education Stabilization Fund	
Governor's Emergency Education Relief (GEER) Fund	84.425C
Elementary and Secondary School Emergency Relief (ESSR) Fund	84.425D
Immunization Cooperative Agreements	93.268
Epidemiology and Laboratory Capacity for Infection Diseases (ELC)	93.323
CCDF Cluster	93.575, 93.596
Medicaid Cluster	93.775, 93.777, 93.778
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
Presidential Declared Disaster Assistance	97.050

8. Dollar threshold used to distinguish between Type A and Type B programs: $17,881,270

9. Auditee qualified as a low-risk auditee? ____ yes _x_ no

STATE OF IDAHO
SCHEDULE OF BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

STATE AGENCY		PAGE
OFFICE OF THE STATE CONTROLLER		
2021-101	The Office's internal review process did not prevent or detect misstatements in the statewide ACFR submitted to the auditors.	24
2021-102	The Office's internal review procedures did not prevent or detect the understatement of Medicaid Payable on the Governmental Fund statements.	27
2021-103	The Office did not have control procedures implemented to ensure appropriate grouping of accounts on the Intergovernmental Revenue Sharing expenditure line on the Governmental Fund statements, resulting in misstatements to the initial financial statements submitted for audit.	28
2021-104	The Office did not have control procedures implemented to ensure the calculation of the IDLE allocation was based on the appropriate grouping of funds.	29
IDAHO STATE TAX COMMISSION		
2021-105	Critical reviews and reconciliations were not completed for sales tax distributions, fuel tax distributions, Rebound Idaho distributions, and total monthly refunds for 9 out of 12 months during fiscal year 2021. Additionally, the Total Monthly Refunds (Allotment Ledger) contained unreconciled amounts in the months of March through June 2021.	31
2021-106	The Commission submitted an Accounts Receivable closing package that lacked supporting documentation and contained errors resulting in an overstatement of $16,500,000.	32
IDAHO STATE TREASURER'S OFFICE		
2021-107	The Millennium Permanent Endowment Fund (MPEF) investment decisions are not being made with the involvement of, and recommendations from, the State Treasurer Investment Advisory Board, as required by Idaho Code.	33

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OFFICE OF THE STATE CONTROLLER (Office)

FINDING 2021-101

The Office's internal review process did not prevent or detect misstatements in the statewide ACFR submitted to the auditors.

Type of Finding: Material Weakness

Criteria: The *Internal Control Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include risk assessment and control activities. Risk assessment is the identification and analysis of various risks entities face because of changing economic, industry, regulatory, and operating conditions. It provides a basis to develop appropriate responses to manage those risks. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated, including verifications, approvals, reconciliations, authorizations, and segregation of duties that support this objective. Information and communication relates to obtaining quality information and effective internal and external communication of that information to achieve management objectives. Monitoring is the evaluation of results of the internal controls system and remediation of deficiencies in a timely manner.

Management objectives should include the preparation and fair presentation of the ACFR in conformity with accounting principles generally accepted in the United States of America and compliance with applicable laws and regulations.

Idaho Code, Section 67-1001(2), requires that the Office submit Generally Accepted Accounting Principles (GAAP) financial statements to the governor and Legislative Services Office on or before the first day of January for the preceding fiscal year. The Office achieves compliance through the preparation and submission of the statewide ACFR.

Idaho Code, Section 67-1007, states that the State controller may examine any of the books, papers, accounts, bills, vouchers, or other documents of property of any or all of the State officers and custodians of State funds.

Condition: The ACFR submitted for audit purposes included several misstatements, omissions, and presentation errors. These items were either identified by the auditors and communicated to management during the audit process or identified by the Office after the ACFR was provided for audit purposes. The following item exceeded our materiality threshold for the applicable opinion unit and was corrected prior to issuing the ACFR:

- Note 2: We noted that the Restricted Assets Summary Schedule did not include the American Rescue restricted funds of $604,110,621.

The following items exceeded our trivial thresholds, but did not exceed the materiality thresholds, for the applicable opinion unit and were corrected prior to issuing the ACFR:

- Note 2: The Primary Government and Fiduciary Funds Fair Value of Investments schedule contained three errors. An amount of $2,078,000 reported under Money Market Funds as Level 2 should have been shown in Level 1. External Investment Pools listed under Amortized Cost reported the incorrect market valuation technique as market when this should have been reported as cost. The valuation technique for Real Estate and Perpetual Trusts of $11,664,000 was listed as cost; this should have been shown as Net Asset Value (NAV).

  The Component Unit Fair Value Schedule incorrectly listed the valuation for Investment Agreements as cost; this should have been listed as market. This schedule also incorrectly reported the amounts for Investments in Real Estate and Perpetual Trusts NAV column. The amount for Perpetual Trusts should have been shown in the Level 1 column. The full amount for Private Equities was incorrectly classified as market and should have been listed as NAV. Additionally, the footnotes at the bottom of the schedule were determined to be redundant because the footnote contained information that was already clearly shown in the table.

The Endowment Funds Fair Value Measurements Table did not have a column listing the valuation technique, and the note did not contain a disclosure discussing the valuation of the Level 1 and Level 2 investments.

The Credit Risk of Debt Securities section contained a paragraph discussing changes to the State Board of Education investment policy for College and Universities changed from the prior year; however, our review noted that these changes did not occur.

The note did not include a separate disclosure for the Millennium Permanent Endowment Fund (MPEF) under the Types of Investments section.

- Note 7: On the Deferred Inflows of Resources – Government-Wide schedule, the amounts for Service Concession Arrangement of $10,000,000 and Other Deferred Inflows of $39,856,680 for Business-Type Activities were switched. Based on a review of the supporting documentation, the Service Concession Arrangement should have been $39,856,680 and the Other Deferred Inflow should have been $10,000,000.

- Note 8: We noted in the first paragraph under Mortality Rates, that economic assumptions for the Judges Retirement Fund (JRF) were studied for the period 2015 through 2021. However, the supporting documentation noted that experience study period was changed from 2015 through 2020. Under Discount Rate, the note disclosure included the new discount rate for the JRF plan, but not the change in the discount rate since the prior measurement period. Per GASB 68 paragraph 42a., the disclosure should include the discount rate and the change from the prior measurement date. The discount rate for the Department of Labor Retirement Plan should have been updated to 3.5 percent. There were changes in assumptions that affected the measurement of the total pension liability since the prior measurement date for the JRF plan. A discussion of these changes was not included in the note disclosure. GASB 68 paragraph 45 requires a brief description of these changes.

- Note 9: A reference to actuarial assumptions incorrectly reference the June 30, 2020, Milliman GASB 75 disclosure report. This should have referenced the June 30, 2021 report. The plan description noted a benefit phase out between 2021 and 2014. This should have said 2024 instead of 2014.

- Note 10: The Office reported that cyber liability was commercially insured up to $500,000 in the note. In the previous fiscal year, Cyber Liability coverage was obtained commercially. In fiscal year 2021, that coverage has been brought under the State Retained Risk Account. This should have been restated as "self-insured" instead of "commercially" to better describe the insurer of the Cyber Liability policy.

- Note 11: The Asset Operational Lease Total Assets Held for Lease was understated for both Primary Government and Component Units by $55,735,000; Land was understated by $13,450,000; Buildings by $45,632,000; and Accumulated Depreciation by $3,347,000.

- Note 13: Interest rates for the Idaho Bond Bank Authority (IBBA) were not correctly reported in the note. The support noted the amount was 1.25 to 5.15 percent, while the note stated 1.25 percent to 6.25 percent. Additionally, the interest rates for the Idaho Transportation Department (ITD) were incorrectly reported as 2.25 percent, when this should have been 2.11 percent. The duration of pledge for the College and Universities Pledged Revenue is paid through 2050; the note incorrectly reported through 2048. Aggregate principal amount payable was incorrectly reported as $33.8 million; this should be $32.4 million.

- Note 14: The note incorrectly stated that Idaho Code requires the money in the Budget Stabilization Fund shall not exceed 15 percent of the total General Fund receipts for the fiscal year just ending. This change is not in full effect until on and after July 1, 2021 (fiscal year 2022). The percentage should remain 10 percent for fiscal year 2021.

- Note 16: The note overstated the commitment for the Management and Training Corporation contract by $2,562,557. The total commitment should have been $20.7 million. The commitment for Corizon LLC of $13,436,169 for fiscal year 2021 was not included in the note. Its contract was extended through September 30, 2021, and the amount should have been included. The commitment for GenTax software of $41,689,000 was not included. An Asset Retirement Obligation is disclosed in the note, but does not include the estimated remaining useful life of the associated tangible capital assets. Based on review of GASB 83, paragraph 27(c), the disclosure should include the estimated remaining useful life of the associated tangible capital assets.

- The Management Discussion and Analysis (MD&A) Net Position schedule and Changes in Net Position schedule showed the Net Position – Beginning of Year as restated for Governmental Activities being reported as $12,790,365,000, instead of the $12,757,740,000 as shown on the Statement of Activities in the Government-Wide statements. The MD&A incorrectly stated Tax Anticipation Notes (TANs) were not issued for a second year in a row; TANs were not issued in fiscal year 2021 only and were issued in fiscal year 2020.

The following items were not changed prior to issuance of the ACFR and were not material:

- Taxes receivable on the Governmental Fund statements were overstated in the General Fund by $11,764,441 and were overstated in the Transportation Fund by $5,143,182. The Government-Wide statements, taxes receivable were overstated by $16,543,871.

- Note 9: We noted that the disclosures for the University of Idaho did not include a reference to the date of an experience study on which significant assumptions are based. We also noted that the University of Idaho outside audit also does not include this information. The measurement of the total OPEB liability for the Sick Leave Insurance Reserve Fund (SLIRF) was affected by changes of assumptions; however, a description of what assumptions changed was not included in the note disclosure as required by GASB 75 paragraph 96(d).

- Component Unit Materiality Determination: We noted that two discrete component units identified by the Office were excluded from the statewide ACFR. The entities had amounts that exceeded the trivial threshold for aggregate discretely presented component units and should have been included, but the SCO did not include these entities.

Cause: Internal controls over the compilation process for the ACFR included review of work by a staff member independent of the staff member completing the work; however, the review was not performed at a level of detail necessary to prevent or detect the misstatements, errors, and omissions listed above.

Effect: The financial statements and note disclosures submitted for audit contained several misstatements and information that was not clearly presented. Material errors identified were corrected; other errors not corrected were for amounts which were not material, but exceeded our trivial threshold.

Recommendation: We recommend that the Office strengthen the review process over the compilation of the ACFR by additional training and documentation to ensure adequate reviews are taking place. This will assist in ensuring that the financial statements, note disclosures, and other information contained therein agree to the documentation that supports those amounts, including closing packages and outside audits.

Management's View: *The Office agrees with this finding. Most errors were corrected prior to the issuance of the financial statements. The Office will continue to evaluate and make improvements to the internal review procedures along with improved analysis of the trends from one year to another. We will be using new functionality in our ACFR compilation system for the review process with reminders and tasks set to ensure there is enough time for a thorough review. We are also in the process of developing a risk based internal review checklist to help identify and correct potential errors in reporting.*

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit.

FINDING 2021-102
The Office's internal review procedures did not prevent or detect the understatement of Medicaid Payable on the Governmental Fund statements.

Type of Finding: Material Weakness

Criteria: The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include risk assessment and control activities. Risk assessment is the identification and analysis of various risks entities face because of changing economic, industry, regulatory, and operating conditions. It provides a basis to develop appropriate responses to manage those risks. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated, including verifications, approvals, reconciliations, authorizations, and segregation of duties that support this objective. Information and communication relates to obtaining quality information and effective internal and external communication of that information to achieve management objectives. Monitoring is the evaluation of results of the internal controls system and remediation of deficiencies in a timely manner.

Management objectives should include the preparation and fair presentation of the ACFR in conformity with accounting principles generally accepted in the United States of America and compliance with applicable laws and regulations.

Idaho Code, Section 67-1001(2), requires that the Office submit GAAP financial statements to the governor and Legislative Services on or before the first day of January for the preceding fiscal year. The Office achieves compliance through the preparation and submission of the ACFR.

Idaho Code, Section 67-1007, states that the State controller may examine any of the books, papers, accounts, bills, vouchers, or other documents of property of any or all of the State officers and custodians of State funds.

Condition: The following misstatement was identified by the auditors and communicated to management during the audit process after the financial statements were provided to the auditors. The following item exceeded our materiality threshold for the Governmental Fund statements, but was corrected prior to issuing the ACFR.

The amount listed as Medicaid Payable on the Governmental Fund Balance Sheet was $3,171,000. The supporting documentation included in the Office closing package listed the amount due within 1 to 60 days for sub-object 7040 as $189,033,000. The amount reported as Medicaid Payable on the Governmental Fund Balance Sheet and as Governmental Activities on the Government-Wide Statement of Net Position should have been $189,033,000.

Cause: The review of the closing package support documentation was not adequate and only part of the amount reported was included in the Medicaid Payable. A trend analysis was also completed by the Office to identify potential errors, but the review of that analysis lacked the attention to detail necessary to identify the misstatement.

Effect: The financial statements submitted for audit contained misstatements that exceeded our materiality threshold for the Governmental Funds statement, however the misstatement for Governmental Activities on the Government-Wide statements was less than material, but above our trivial threshold. The Office corrected the error prior to issuing the ACFR.

Recommendation: We recommend that the Office strengthen the review process over the compilation of the ACFR to ensure financial statements agree to documentation that supports those amounts.

Management's View: *The Office agrees with this finding. Errors were corrected prior to the issuance of the financial statements. We have modified our task instructions for processing the Medicaid payables entry to ensure it is complete and accurate. As mentioned in the response to finding #2021-101, we are also working to improve our internal review analytical procedures to ensure any significant fluctuations from year to year are identified and investigated to ensure accuracy.*

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit.

FINDING 2021-103
<u>The Office did not have control procedures implemented to ensure appropriate grouping of accounts on the Intergovernmental Revenue Sharing expenditure line on the Governmental Fund statements, resulting in misstatements to the initial financial statements submitted for audit.</u>

Type of Finding: Material Weakness

Criteria: The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include risk assessment and control activities. Risk assessment is the identification and analysis of various risks entities face because of changing economic, industry, regulatory, and operating conditions. It provides a basis to develop appropriate responses to manage those risks. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated, including verifications, approvals, reconciliations, authorizations, and segregation of duties that support this objective. Information and communication relates to obtaining quality information and effective internal and external communication of that information to achieve management objectives. Monitoring is the evaluation of results of the internal controls system and remediation of deficiencies in a timely manner.

Management objectives should include the preparation and fair presentation of the ACFR in conformity with accounting principles generally accepted in the United States of America and compliance with applicable laws and regulations.

Idaho Code, Section 67-1001(2), requires that the Office submit GAAP financial statements to the governor and Legislative Services Office on or before the first day of January for the preceding fiscal year. The Office achieves compliance through the preparation and submission of the statewide ACFR.

Condition: The following misstatement was identified by the auditors and communicated to management during the audit process after the financial statements were provided to the auditors. The following item exceeded our materiality threshold for the applicable opinion unit, but was corrected prior to issuing the ACFR:

- Sub-objects with governmental class code 195 were supposed to flow to the Intergovernmental Revenue Sharing reporting line. This class code did not flow to the expenditure line as intended. We noted expenditures were overstated for the following opinion units and functions resulting in an understatement of the Intergovernmental Revenue Sharing line for that opinion unit:

- In the General Fund, the General Government and Natural Resources functions were overstated.
- In the Transportation Fund, the Economic Development function was overstated.
- In the Federal Stimulus Fund, the General Government, Education, and Economic Development functions were overstated.
- In the Nonmajor Governmental Funds (Aggregate Other Funds), the General Government, Natural Resources, Economic Development, and Public Safety and Correction functions were overstated.

Cause: When new accounts were added to the governmental class code 195, not all accounts were grouped correctly. The Office did not implement or design control procedures to review changes and ensure that the Intergovernmental Revenue Sharing line was grouped and reported correctly.

Effect: We noted misstatements that exceeded our trivial thresholds in the following expense lines and function codes in the Governmental Fund statements:

- Transportation Fund - The Economic Development function was overstated by $420,000. Intergovernmental Revenue Sharing is understated by $420,000 this misstatement did not exceed materiality and was not corrected.
- Federal Stimulus Fund - General Government was overstated by $58,651,000 and Economic Development was overstated by $38,229,000. Intergovernmental Revenue Sharing was understated by $97,905,000. Misstatements shown in the Federal Stimulus Fund also exceeded our threshold for material misstatements; however, those misstatements were corrected prior to issuing the ACFR.

Additional errors that were identified and below trivial are not included in the effect.

Recommendation: We recommend that the Office design and implement a review process of the grouping of class codes to ensure the financial statements are accurately stated.

Management's View: *The Office agrees with this finding. Errors were corrected prior to the issuance of the financial statements. The Office will be including an additional query of the specific subobjects that should be reported as intergovernmental revenue sharing, to ensure new accounts are grouped properly.*

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern related to the error found, if properly implemented. However, we would like to emphasize that the structure used to consolidate activity to reporting lines, currently called subobject grouping, should be improved for all reporting lines to ensure accounts are correctly mapped and included in the financial statements.

FINDING 2021-104

The Office did not have control procedures implemented to ensure the calculation of the IDLE allocation was based on the appropriate grouping of funds.

Type of Finding: Significant Deficiency

Criteria: The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include risk assessment and control activities. Risk assessment is the identification and analysis of various risks entities face because of changing economic, industry, regulatory, and operating conditions. It provides a basis to develop appropriate responses to manage those risks. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated, including verifications, approvals, reconciliations, authorizations, and segregation of duties that support this objective. Information and communication relates to obtaining quality information and effective internal and external communication of that information to achieve management objectives. Monitoring is the evaluation of results of the internal controls system and remediation of deficiencies in a timely manner. Management objectives should include the preparation and fair presentation of the ACFR in conformity with accounting principles generally accepted in the United States of America and compliance with applicable laws and regulations.

Idaho Code, Section 67-1001(2), requires that the Office submit GAAP financial statements to the governor and Legislative Services on or before the first day of January for the preceding fiscal year. The Office achieves compliance through the preparation and submission of the ACFR.

Condition: The IDLE Allocation percentage for Fund Sub Group SFD (Special Revenue – Federal fund) was calculated using Funds 0344, 0346, and 0348, however, fund 0344 should have been included in the calculation of the IDLE allocation for SFS instead of the calculation of SFD. This resulted in an overstatement of restricted cash, investment income, and other income and an understatement of other assets, other accrued liabilities, and general government expenses in fund sub group SFS (Special Revenue – Federal Stimulus fund) and an overstatement of Interfund Payable, Other Assets, Other Accrued Liabilities and General Government Expenses and an understatement of Investment Income in fund sub group SFD. The misstatement was identified by the auditors and communicated to management during the audit process after the financial statements were provided to the auditors, and the error exceeded our trivial threshold, but did not exceed our materiality threshold.

Cause: Fund 0344 was a new fund for fiscal year 2021. When added to the IDLE Allocation, the fund was not grouped correctly and a control procedure was not designed or implemented to ensure the funds were classified in the proper Fund Sub Group in the IDLE Allocation.

Effect: The following misstatements exceeded our trivial thresholds, but not materiality, in the Governmental Funds Balance Sheet and Operating Statement:

Balance Sheet:

- Federal Stimulus Column:
  - Restricted Cash Line was overstated by $33,678,000
  - Other Assets Line was understated by $1,363,000
- Nonmajor Governmental Column:
  - Interfund Payable Line was overstated by $33,678,000

Operating Statement:

- Federal Stimulus Column:
  - General Government Line was understated by $31,064,000
  - Investment Income Line was overstated by $1,218,000
- Nonmajor Governmental Column:
  - General Government Line was overstated by $31,064,000

The error was not corrected prior to issuing the ACFR.

Recommendation: We recommend that the Office design and implement a review process to ensure appropriate grouping of funds in the IDLE Allocation.

Management's View: *The Office agrees with this finding. Task instructions have been updated to explain the grouping of the funds and if there are new funds, to ensure they are grouped correctly. As mentioned in our response to finding #2021-101, we are working on a risk based internal review checklist.*

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit.

IDAHO STATE TAX COMMISSION (Commission)

FINDING 2021-105

Critical reviews and reconciliations were not completed for sales tax distributions, fuel tax distributions, Rebound Idaho distributions, and total monthly refunds for 9 out of 12 months during fiscal year 2021. Additionally, the Total Monthly Refunds (Allotment Ledger) contained unreconciled amounts in the months of March through June 2021.

Type of Finding: Significant Deficiency

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) published the Internal Control Integrated Framework, which provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. A component of this framework is control activities, which are the policies and procedures that help ensure the entity's objectives are met. These activities include segregation of duties, review and authorization of transactions, and maintaining supporting documentation.

Condition: The Commission uses an End of Month Checklist to document the completion of month-end tasks, reconciliations, and associated reviews that are critical to ensuring these distributions and refunds are completed and recorded accurately.

During our testing of internal controls, we noted portions of the End of Month Checklist in 9 out of the 12 months, or 75 percent, was not fully completed.

The End of Month Checklist completion and review helps ensure:

- Sales tax amounts are accurately and fully distributed,
- Fuel tax amounts are accurately and fully distributed,
- Rebound Idaho distribution totals are accurately accounted for in total, and
- Monthly refunds are accurately accounted for in total and reconcile to the Statewide Accounting and Reporting System (STARS).

Additionally, the Total Monthly Refunds (Allotment Ledger) for the months of March through May showed an error of $8,127.79 that could not be reconciled and the month of June had an amount of $24,637 that could not be reconciled or explained. This leaves a total of $32,764.79 unexplained for fiscal year 2021.

Cause: The End of Month Checklist was not fully completed in July, August, October, November, February, March, April, May, or June. The reviewer's initials on the checklist is how the agency chooses to document and verify that a control occurred and determine that a reconciliation was completed and reviewed at the end of the month. These checklists did not contain the reviewer's initials, indicating that the full set of control procedures were not followed, and this allowed for errors to go undetected. The Commission asserts that the End of Month Checklist was not completed due to staff turnover and the transition from paper to electronic checklists.

Effect: There is no evidence that controls were consistently applied or that other controls are in place to prevent errors from occurring and going undetected. Testing identified errors totaling $32,764.79. While this amount is not material to the scope of work, the lack of consistently applied controls increases the risk of undetected or uncorrected errors that are significant to the statewide ACFR.

Recommendation: We recommend that the Commission ensure that internal control procedures are in place and consistently applied, including when work is completed remotely, and that they improve the documentation of control activities performed to ensure that reviews are completed accurately and in a timely manner.

Management's View: *The Commission agrees with this finding. A cloud-based version of the daily checklist was created in November 2020. In December, an additional layer of review was added to the month-end distribution process to mimic the LUMA environment requirements. Separate users will enter, review and post, month-end distributions. Electronic notes are required to be added to the checklist by each user and include date/time stamps for LSO quick reference.*

Auditor's Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit.

FINDING 2021-106
The Commission submitted an Accounts Receivable closing package that lacked supporting documentation and contained errors resulting in an overstatement of $16,500,000.

Type of Finding: Significant Deficiency

Criteria: Each year, State agencies are required to report accounting information in the form of closing packages to the Office of the State Controller (Office) with details necessary to prepare the statewide *Annual Comprehensive Financial Report* (ACFR). The Office provides instructions for the Commission to prepare the information in the closing packages in accordance with Generally Accepted Accounting Principles (GAAP). The Commission submitted the Accounts Receivable closing package to report amounts expected to be collected for various types of outstanding tax amounts due to the State.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) published the Internal Control Integrated Framework, which provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Additionally, auditing standards provide guidance on required elements when estimates are used for financial information. Management is responsible for establishing a process for preparing accounting information based on relevant, sufficient, and reliable data. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated. These activities include segregation of duties, adequate review and authorization of financial transactions, and maintaining supporting documentation or other reliable records as the basis for reports.

Condition: The Commission is required to report tax amounts owed from parties outside the State as of June 30. The total taxes receivable amounts include estimated amounts to be collected within 60 days and within one year. Other amounts are estimated for refunds and uncollectible amounts.

The Commission prepares a compilation spreadsheet from system reports and historical trend information for each tax type and fund. The spreadsheet takes into account actual amounts received in July for accounts receivable at June 30. The accounts receivable balance is then reduced by the cash on hand that is not yet allocated to taxpayer accounts. Other amounts are estimated based on historical information, such as refunds of approximately 1 percent, 75 percent of receivables are typically collected within a month, 75 percent of the remaining balance is collected within a year, and the remainder is determined to be uncollectible over a five-year period.

Errors occurred because the compilation spreadsheet was not completely updated with current fiscal year 2021 amounts, and formulas for calculating estimates were not consistently applied to all funds. The review procedures completed failed to identify and correct these mistakes. The errors resulted in a $16.5 million overstatement of the accounts receivable balance reported to the Office.

Cause: The Commission's process of calculating and reviewing the accounts receivable amounts for accuracy and reasonableness were not completed with sufficient level of scrutiny to the details provided to detect and correct errors in the amounts reported. Formula errors and repeated data from the prior year was not identified for correction either by the preparer or the reviewer.

Effect: The accounts receivable was overstated by an estimated $16,500,000. This amount is not material to the statewide financial statements; however, the extent of errors increases the risk of additional errors occurring and not being detected and corrected. After the error was identified during the audit procedures, the Commission worked with the Office to submit revised amounts based on the auditor's calculations.

Recommendation: We recommend that the Commission design and implement control procedures to ensure accounts receivable amounts submitted to the Office are reasonable with adequate supporting documentation. We further recommend that the Commission ensure staff completing the procedures have the proper training to adequately review the closing packages to identify errors reported.

Management's View: *The Commission agrees with this finding. LSO has recommended the Commission design and implement control procedures to ensure accounts receivable amounts are reasonable and substantiated with adequate supporting documentation. As of January, 2022, we are working with our vendor FAST to develop a reporting method for calculating receivables. We've reached out to other state agencies for guidance as well.*

Auditor's Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit.

IDAHO STATE TREASURER'S OFFICE (Office)

FINDING 2021-107

The Millennium Permanent Endowment Fund (MPEF) investment decisions are not being made with the involvement of, and recommendations from, the State Treasurer Investment Advisory Board, as required by Idaho Code.

Type of Finding: Significant Deficiency

Criteria: Chapter 18, Title 67, Idaho Code grants the Idaho State Treasurer (Treasurer) the authority to invest assets in the MPEF under the standards of the Prudent Investor Act, Chapter 5, Title 68, Idaho Code. The Prudent Investor Act provides very broad guidance and few limitations as to the types of investments trustees are authorized to use. The Treasurer has established an investment policy to govern and provide oversight of the fund. This policy defines the asset allocation and is required to be reviewed annually by the Investment Division and approved by the Treasurer.

The State Treasurer Investment Advisory Board was established under Idaho Code, Section 67-1203. Per Idaho Code, Section 67-1203B(2), the investment board shall recommend investment policies governing the investment of idle moneys and other moneys accepted for investment by the Treasurer. The recommendations shall pertain to the types, kinds, or nature of investment of any of the moneys and any limitations, conditions or restrictions upon the methods, practices or procedures for investment, reinvestments, purchases, sales or exchange transactions, provided such recommendations shall not conflict with nor be in derogation of any Idaho constitutional provision, or of the provisions of this chapter. Further, Idaho Code, Section 67-1203B(3), states that the investment advisory board, in making recommendations, and the Treasurer and all investment managers shall be governed by the Idaho Uniform Prudent Investor Act, Chapter 5, Title 68, Idaho Code. The Treasurer and any investment manager shall invest and manage the assets of the respective funds in accordance with that act and the Idaho constitution. Idaho Code, Section 67-1801, creates the MPEF, and Section 67-1801(3) states that fund assets shall be invested by the Treasurer according to the standards of the Idaho Uniform Prudent Investor Act, and the Treasurer is hereby granted authority to invest the assets of the fund in any investment instruments authorized by the standards of the Idaho Uniform Prudent Investor Act.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) published the Internal Control Integrated Framework, which provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. A component of this framework is control activities, which are the policies and procedures that help ensure the entity's objectives are met. These activities include segregation of duties, review and authorization of transactions, and maintaining supporting documentation.

Condition: The MPEF was created on January 1, 2007, and receives 80 percent of the tobacco settlement receipts collected by the State of Idaho. The purpose of the MPEF is to provide distributions from these settlement receipts into perpetuity. The Treasurer has been granted statutory authority to invest assets in the MPEF under the standards of the Prudent Investor Act, Chapter 5, Title 68, Idaho Code. The Treasurer has further established an investment policy to govern and provide oversight of the MPEF. The policy provides strategic targets and allowable tactical ranges for asset allocation to ensure proper diversification of the fund. This policy has not been updated since July 25, 2019. The policy states that it will be reviewed and authorized by the Treasurer annually.

Additionally, the Treasurer and the investment team review the MPEF performance and asset allocations with a consulting firm on a quarterly basis to determine if the asset classes are within the strategic target and tactical ranges, as defined in the investment policy. The Office's investment policies for the MPEF include a rebalancing policy that states: "When the Fund's total allocation to any major asset class (equities, fixed income, real assets, cash) is reported to be outside of the Tactical Range, the Fund's fiduciaries are obligated to return the Fund's asset allocation back to the Strategic Target specified above prior to the next reporting period. These reporting periods shall not be less frequent than quarterly. The investment consultant shall prepare the report which will contain, at a minimum, the Fund's asset allocation relative to its Strategic Target and Tactical Ranges; identification of any variances to this asset allocation strategy; and recommendations to remedy any variances. When rebalancing requirements occur, the Fund will be rebalanced so that all asset classes are at the Strategic Target or within Allowable Tactical Ranges. The Fund may rebalance its asset mix closer to the Strategic Target at any time, even if it is already within Allowable Tactical Ranges."

During our review of the quarterly reports issued during fiscal year 2021, we noted that the fixed income tactical range amount was 17 to 23 percent and the actual amount invested in fixed income at the end of fiscal year 2020 was 26.2 percent, 3.2 percent above the top of the tactical range; in quarter 1 of fiscal year 2021, it was 26.1 percent, 3.1 percent above the top of the tactical range; in quarter 2 it was 23.2 percent, .2 percent above the top of the tactical range; and in quarter 3, it was 27.3 percent, 4.3 percent above the top of the tactical range. Quarter 4, at the end of fiscal year 2021, was the only quarter in which it was within the identified tactical range at 22.3 percent.

No rebalancing was completed during the first three quarters of fiscal year 2021 to comply with internal investment policies for the fixed income investments that would require a rebalancing no later than quarterly, and no evidence was provided that the quarterly meetings with the consulting firm occurred as described by the investment staff.

Additionally, we were provided no evidence that the MPEF investments, the decision to remain noncompliant with internal investment policies, and the new investment strategy were ever communicated to the State Treasurer Investment Advisory Board so that they could provide recommendations as stated in Idaho Code, Section 67-1203B(2).

Cause: During fiscal year 2021, the Treasurer was aware that the fixed income asset was out of compliance with the investment policy for ¾ of the year and indicated that this was a strategic decision, as the Treasurer was awaiting new capital calls for a private real estate investment. The Treasurer invested over $17 million on June 30, 2021 in this capital call with CBRE U.S. Core Partners, LP, supporting the purchase of six commercial and residential properties across the United States, mostly along the East Coast. The Treasurer's investment manager indicated they needed to maintain liquidity of the funds so that they could take advantage of the capital call for this new investment class and made the choice to leave the funds in the fixed income assets.

It is important to note that the fixed income asset is an investment in the internally established Diversified Bond Fund (DBF), which is described by the Treasurer as "an alternative to the short term investment funds for those state agencies and public agencies who are able to assume less liquidity and more price volatility for the potential of greater returns over the long run." The description further states that "participating agencies should therefore only invest monies that they consider longer-term in nature (ex. 3.5 years or longer)." This does not appear to be the most liquid, least risky allocation for funds that were being held in the short term to invest in another investment vehicle. Further, the MPEF investment in the DBF was in an unrealized loss position at June 30, 2021.

The State Treasurer Investment Advisory Board was not involved in the initial investment decision, or the decision to remain out of compliance with internal policies, as the Treasurer does not believe the MPEF falls under the purview of the State Treasurer Investment Advisory Board. As stated in the condition, we believe that Idaho Code, Section 67-1203B(2), provides that the MPEF, as "other moneys accepted for investment by the state treasurer," does fall under the purview of the State Treasurer Investment Advisory Board.

Effect: The MPEF investments and strategy are not being reviewed by the State Treasurer Investment Advisory Board resulting in noncompliance with Idaho Code. Additionally, the Treasurer chose not to comply with internal investment policies and remain over-allocated to fixed income investments, potentially increasing the risk of loss when they redeemed the investment for use in the real estate investment. Without proper oversight and compliance with statutes and internal policies, the investments of the MPEF are at an increased risk of inappropriate risk levels and potential losses.

Recommendation: We recommend that the State Treasurer Investment Advisory Board receive appropriate information about the MPEF, oversee and make recommendations that pertain to the types, kinds or nature of investments, and investment policies of the MPEF, and that the Treasurer maintain compliance with their internal investment policies and applicable statutes. We also recommend that the Treasurer document these meetings, meetings with external investment advisors, and the decisions made at these meetings.

Management's View: *While the State Treasurer's Office (STO) is in general agreement with the finding, we would like to add some high-level context to various statements in the finding. In addition, STO will address the Recommendation put forth by your office and corresponding action plan to rectify the Internal Control deficiency finding in this response.*

Contextual comments from the STO related to the finding:

As the STO reviewed your finding and interpretation of the role of the Treasurer's Investment Advisory Board (TIAB), we do recognize the purview of the of the TIAB and their various duties as defined in Idaho Code 67-1203B to apply to the MPEF in addition to the investment pools managed by our office. The term "and other monies", while we don't believe it was contemplated to include the MPEF, would capture those assets as well. The STO has reported to the TIAB on the MPEF, though we have not done it quarterly as we have with the other pools. We do not believe it is the charge of the TIAB to "oversee" the individual investment decisions in any of the funds managed by the STO, but to advise on policies and procedures and asset allocation decisions.

The decision to change how the fund was invested in "real assets" by re-allocating into a private real estate investment was put before the TIAB by way of presentation from Callan Associates and the investment team. This meeting did not fall within the 2021 Fiscal Year and was thus not included in the minutes provided. In addition, the investment team reviews the MPEF portfolio allocation and performance report with Callan Associates on a *quarterly basis. The dates of these calls for the 2021 fiscal year were not provided in the documentation relating to the audit.*

We acknowledge being out of the tactical range for fixed income in the periods you noted due to the pending private real estate capital calls.

Action Plan for the STO to rectify the internal control deficiency with regard to the MPEF:

The STO will include a high-level review of the MPEF at each quarterly meeting and review the MPEF investment policy with the TIAB on an annual basis, including having the Treasurer sign off on all policies at least annually. In addition, we will strive to have our investment consultant present to the TIAB at least annually on the MPEF.

Should the investment consultant or the investment team feel there is a reason to temporarily be out of the tactical ranges as described in the internal investment policy, the investment team will report the rationale to the TIAB and document any out of compliance with the internal investment policy and estimated timing to be back in compliance.

The investment team will document all internal team meetings regarding the MPEF, as well as reviews with our investment consultant and will provide this information to the Treasurer in writing.

The STO feels the addition of these consistent actions will adequately address the internal control finding.

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. We continue to assert that the Office should maintain compliance with their internal policies related to the tactical ranges of the MPEF investments. If the investment team feels that a change is necessary, the policy should reconsidered by the Treasurer and the advisory board and, if approved, changed to reflect the needs of the Office and maintain compliance. Additionally, we continue to assert that Idaho Code Section 67-1203B(2), specifically provides the authority for the Treasurer Investment Advisory Board to "oversee" the individual investment decisions in any of the funds managed by the STO, not just to advise on policies and procedures and asset allocation decisions. This section authorizes the Board to provide recommendations pertaining to the types, kinds, or nature of investment of any of the moneys and any limitations, conditions or restrictions upon the methods, practices or procedures for investment, reinvestments, purchases, sales or exchange transactions. A critical component needed for the Board to make suitable recommendations is ensuring that members are provided appropriate information about the objectives, strategies, allocations, and performance of investments and potential investments the Office is engaged in or considering, especially when that consideration drove a decision to over-expose the MPEF to risk in the fixed income investments through purposeful noncompliance with internal policies.

STATE OF IDAHO
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

STATE AGENCY		FEDERAL AGENCY	PAGE
OFFICE OF THE STATE CONTROLLER			
2021-201	The Schedule of Expenditures of Federal Awards (SEFA) was understated by $276,989,930 for amounts reported as provided to subrecipients.	Department of Treasury Department of Homeland Security	39
STATE BOARD OF EDUCATION			
2021-202	The Board underreported federal expenditures by $11,316,783 across three federal programs when completing the Schedule of Expenditures of Federal Awards (SEFA).	Department of Treasury Department of Education	41
2021-203	Internal controls over the review of Federal Funding Accountability and Transparency Act (FFATA) reports under the Governor's Emergency Education Relief (GEER) Fund are not sufficiently documented.	Department of Education	42
STATE DEPARTMENT OF EDUCATION, SUPERINTENDENT OF PUBLIC INSTRUCTION			
2021-204	The Department did not complete subrecipient monitoring of the Elementary and Secondary School Emergency Relief (ESSER) Fund.	Department of Education	43
OFFICE OF THE GOVERNOR			
2021-205	Quarterly Financial Progress Reports for the Coronavirus Relief Fund (CRF) contained inaccuracies.	Department of Treasury	45
IDAHO DEPARTMENT OF HEALTH AND WELFARE			
2021-206	The original Schedule of Expenditures of Federal Awards submitted to the Office of the State Controller reported a total of $104.9 million to an incorrect Assistance Listing number and understatements totaling $71 million of pass-through amounts to subrecipients.	Department of Treasury Department of Homeland Security	46
2021-207	The Department did not complete periodic audits for the Managed Care Organizations in the Medicaid program to ensure accuracy, truthfulness, and completeness of the encounter and financial data submitted.	Health and Human Services	48
2021-208	The Department utilized the incorrect National Correct Coding Initiative (NCCI) edit files in processing Medicaid payments that could result in improper payments because of outdated payment rates for procedures, changes in procedures allowed by Medicaid, and other changes to the edit files.	Health and Human Services	49
2021-209	Confidentiality agreements in place with Medicaid contractors did not include all required elements to ensure compliance with the Medicaid program.	Health and Human Services	51
2021-210	The Department did not maintain consistent operation of controls and compliance with Electronic Benefit Transfer (EBT) card security procedures for the Supplemental Nutrition Assistance Program (SNAP).	Department of Agriculture	53

STATE AGENCY		FEDERAL AGENCY	PAGE
2021-211	Subrecipient monitoring procedures were not adequate to ensure compliance with federal requirements for the Supplemental Nutrition Assistance Program (SNAP).	Department of Agriculture	55
IDAHO DEPARTMENT OF LABOR			
2021-212	The Department does not have internal control procedures in place to ensure the accuracy of performance reports for the Unemployment Insurance (UI) grant.	Department of Labor	56
IDAHO MILITARY DIVISION			
2021-213	The Division did not perform subrecipient risk assessments, ensure subrecipient audits were received, or fully disclose required information to subrecipients for the Presidentially Declared Disaster Grant.	Department of Homeland Security	58
2021-214	The Division did not properly submit two reports required under the Federal Funding Accountability and Transparency Act, and was lacking internal controls related to performance progress reports for the Presidentially Declared Disaster Grant.	Department of Homeland Security	61
IDAHO STATE TAX COMMISSION			
2021-215	The Commission did not report over $52 million of expenditures for inclusion in the Schedule of Expenditures of Federal Awards under the Coronavirus Relief Fund for fiscal year 2021.	Department of Treasury	62
2021-216	Critical reviews and reconciliations were not completed for Rebound Idaho payments made from the Coronavirus Relief Fund for 9 out of the 12 months during fiscal year 2021.	Department of Treasury	64
IDAHO TRANSPORTATION DEPARTMENT			
2021-217	The salaries and benefits costs for employees working on multiple federal grants are not supported by personnel activity reports or another approved system.	Department of Transportation	65

OFFICE OF THE STATE CONTROLLER (Office)

FINDING 2021-201

The Schedule of Expenditures of Federal Awards (SEFA) was understated by $276,989,930 for amounts reported as provided to subrecipients.

Type of Finding: Material Weakness, SEFA Misstatement

Assistance Listing Title: Coronavirus Relief Fund, Emergency Rental Assistance Program, Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number: 21.019; 21.023; 97.036
Federal Award Number: SLT0074, SLT0030; ERA-0010; FEMA-4252_DR-ID; FEMA-4310-DR-ID; FEMA-4313-DR-ID; FEMA-4333-DR-ID; FEMA-4342-DR-ID; FEMA-4443-DR-ID; FEMA 4534-DR-ID; FEMA-4589-DR-ID
Program Year: March 1, 2020 to December 31, 2021; January 14, 2021 to September 30, 2022; December 16, 2015 to December 2019; December 16, 2015 to December 2019; March 6, 2017 to March 2021; May 6, 2017 to May 2021; March 29, 2017 to March 2021; April 7, 2019 to April 2023; January 20, 2020 to Ongoing; January 13, 2021 to January 2025
Federal Agency: Department of Treasury; Department of Homeland Security
Compliance Requirement: Code of Federal Regulations (CFR) 2 CFR 200.510(b)
Questioned Costs: None

Criteria: The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include risk assessment, control activities, and information and communication. Risk assessment is the identification and analysis of various risks entities face because of changing economic, industry, regulatory, and operating conditions. It provides a basis to develop appropriate responses to manage those risks. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated. Verifications, approvals, reconciliations, authorizations, and segregation of duties are all control activities that support this objective. Information and communication relates to obtaining quality information and effective internal and external communication of that information to achieve management objectives.

Management objectives should include the preparation and fair presentation of the SEFA in relation to the basic financial statements as a whole and in compliance with requirements contained in the U.S. Code of Federal Regulations (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*) (2 CFR §200.510(b)), which states it must include:

- Total federal awards expended as determined in accordance with 2 CFR §200.502, and
- Total amount provided to subrecipients from each federal program.

In addition, the AICPA Audit and Accounting Guide Governmental Auditing Standards and Single Audit section 6.15 discusses circumstances in which it is appropriate for entity-wide financial statements to include departments, agencies, and other organizational units that have separate audits and prepare separate financial statements who are then excluded from the entity's *Uniform Guidance* compliance audit and SEFA because a separate *Uniform Guidance* compliance audit was conducted for those departments, agencies, or other organizational units.

An auditee is defined in 2 CFR 200.1 as any nonfederal entity that expends federal awards which must be audited under subpart F of the *Uniform Guidance*. 2 CFR 200.501 indicates a single audit must be completed for a nonfederal entity that expends federal awards of $750,000 or more during the fiscal year in accordance with 2 CFR 200.514.

Condition: Amounts passed through to subrecipients was understated by $276,989,930 on the SEFA draft provided to auditors.

- The largest error was for Assistance Listing Number 21.019, Coronavirus Relief Fund (CRF) program, this program was understated by $226,571,766.
- Assistance Listing Number 97.036, Disaster Grants program, under reported subrecipient payments by $11,202,585.
- Finally, amounts passed through to colleges and universities and the Idaho Housing and Finance Association were not included in the subrecipient total. The total understatement from this error was $39,215,579.

Cause: Each year, State agencies report the total of federal awards expended on closing package. The SCO uses these closing packages to compile the SEFA. Funds for the CRF program were initially received by the Office of the Governor, these funds were then sent to various State agencies. These State agencies then passed on some of the funds to subrecipients. When the State agencies submitted their SEFA closing packages, the amounts reported for the CRF program were eliminated between the State agencies to avoid double counting total expenditures for the CRF program. This elimination process did not account for the funds the State agencies subgranted but which should have been reported as passed through to subrecipients.

Routinely, State agencies will submit revised closing packages. If this has occurred after a closing package has been closed by the SCO, the review process for these changes will occur once the SEFA has been drafted. These review procedures did not detect an error on the statewide SEFA for Assistance Listing Number 97.036, Disaster Grants, when the amount provided to subrecipients was revised on the agency closing package to be $11,202,585.

Additionally, the Office was not aware that agencies receiving their own single audit that are included in the statewide *Annual Comprehensive Financial Report (ACFR)*, but who are excluded from the statewide SEFA, should be considered subrecipients.

Effect: The SEFA submitted for audit included an understatement of $$276,989,930 for the amount passed through to subrecipients. The amount in error was just below our materiality threshold and was corrected on the final SEFA submission.

Recommendation: We recommend that the Office design and implement procedures to ensure amounts subgranted are correctly reported to ensure complete and accurate compliance with federal reporting requirements.

Management's View: *The Office agrees with this finding. Errors identified were corrected before publishing of the Single Audit.*

We are in the process of developing an internal review checklist for SEFA compliance. The checklist will outline compliance requirements associated with the preparation of the SEFA (i.e., subrecipient reporting), identify areas that are a higher risk for error, and what to look for when reviewing higher risk areas. This checklist will be completed by the preparer of the SEFA, as well as by the reviewer(s) to ensure the SEFA is accurate and in compliance with Uniform Guidance requirements.

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

IDAHO STATE BOARD OF EDUCATION (Board)

FINDING 2021-202

The Board underreported federal expenditures by $11,316,783 across three federal programs when completing the Schedule of Expenditures of Federal Awards (SEFA).

Type of Finding: Significant Deficiency, SEFA Misstatement

Assistance Listing Title: Coronavirus Relief Fund; Governor's Emergency Education Relief Fund; Gaining Early Awareness and Readiness for Undergraduate Programs
Assistance Listing Number: 21.019; 84.425C; 84.334S
Federal Award Number: SLT0074; SLT0030; S425C00043; P334S180012
Program Year: June 2, 2020 to September 30, 2021; October 1, 2018 to September 30, 2022
Federal Agency: Department of Treasury; Department of Education
Compliance Requirement: Code of Federal Regulations (CFR) 2 CFR 200.510(b)
Questioned Costs: None

Criteria: The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure management directives are carried out throughout the operation. Verifications, approvals, and authorizations are all control activities that support this objective. The U.S. Code of Federal Regulations (CFR) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200.303) states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

In addition, 2 CFR 200.510 requires the State to prepare a SEFA, which must include the total federal awards expended for each individual federal program. The Office of the State Controller (Office) requires agencies to complete the SEFA closing package and uses this information to compile the statewide SEFA.

Condition: During our review, we noted discrepancies between the Board’s fiscal year 2021 SEFA closing package and the underlying STARS data.

The Board expended funds from three federal programs in fiscal year 2021:

- Governor’s Emergency Education Relief (GEER) Fund, Assistance Listing (AL) 84.425C
- Coronavirus Relief Fund (CRF), AL 21.019
- Gaining Early Awareness and Readiness for Undergraduate programs (GEAR UP), AL 84.334S

The SEFA reported $0 expenditures to subrecipients for the GEER (AL 84.425C) and CRF (AL 21.019) programs. However, based on our review, GEER (AL 84.425C) had $11,178,679 and CRF (AL 21.019) had $121,454 in subrecipient expenditures.

The SEFA also reported $3,323,363 in expenditures for GEAR UP (AL 84.334S). Based on our review, the amount reported should have been $3,340,013. This is a $16,650 difference.

It was further noted that the GEAR UP prior fiscal year 2020 expenditures was understated by $2,277 when compared to the prior year SEFA.

Cause: The SEFA compilation process included a review by a staff member independent of the staff member completing the work. The compilation and review procedures were not completed with enough attention to detail to detect the errors on the SEFA. The SEFA closing package instructions were not completely understood as to which amounts were reported in each column of the closing package. Board staff thought that reporting subrecipient amounts in both the federal award and subrecipient columns would double count the expenditures. The Board also unintentionally excluded a portion of federal expenditures related to $16,650 in personnel costs.

Effect: The SEFA amounts were understated by the following:

- GEER (AL 84.425C) understated expenditures to subrecipients by $11,178,679
- CRF (AL 21.019) understated expenditures to subrecipients by $121,454
- GEAR UP (AL 84.334S) understated fiscal years 2021 and 2020 expenditures by $16,650 and $2,277, respectively

Recommendation: We recommend that the Board strengthen internal controls to ensure federal funds are accurately and properly reported on the SEFA.

Management's View: *The agency partially agrees with this finding. See corrective action below.*

The first finding stated that we did not report $11,178,679 for the Governor's Emergency Relief Fund and $121,454 for the Coronavirus Relief Fund. We reported these funds in two out of three places in the Schedule of Expenditures of Federal Awards (SEFA) worksheet submitted to the State Controller's Office (SCO). The first place was on the SEFA tab in column 13, and the second place was in the Subrecipients tab, which shows each subrecipient and totals by CFDA number. The information in the Subrecipients tab was listed by CFDA. While there was no subtotal by CFDA in the Subrecipients tab, the CFDA numbers do total to the same total shown in column 13. We did not include these totals in column 18 because we assumed SCO would obtain the necessary information from the Subrecipients tab.

While we did include the necessary information for SCO to report the amount of 2021 Federal Expenditures to Subrecipients to the federal government in their statewide SEFA report, we acknowledge that we did not follow the explicit instructions of the SEFA worksheet, which would have resulted in reporting the amount of subrecipient expenditures in column 18. We will include required dollar amounts in all three locations in the worksheet.

Auditor's Concluding Remarks: We thank the Board for its cooperation and assistance throughout the audit. We continue to assert that the Board should strengthen internal controls, such as training and reviews, to ensure proper reporting of federal awards and subrecipient payments in accordance with the closing package instructions provided by the Office of the State Controller.

FINDING 2021-203

Internal controls over the review of Federal Funding Accountability and Transparency Act (FFATA) reports under the Governor's Emergency Education Relief (GEER) Fund are not sufficiently documented.

Type of Finding: Significant Deficiency

Assistance Listing Title: Governor's Emergency Education Relief Fund
Assistance Listing Number: 84.425C
Federal Award Number: S425C00043
Program Year: June 2, 2020 to September 30, 2021
Federal Agency: Department of Education
Compliance Requirement: Reporting
Questioned Costs: None

Criteria: The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure management directives are carried out throughout the operation. Verifications, approvals, and authorizations are all control activities that support this objective.

The U.S. Code of Federal Regulations (CFR) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200.303) states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The FFATA was developed to provide better transparency over management of federal grants and contracts. Reporting is required on allocations of $30,000 through the FFATA website. The Board passes funds to subrecipients and reports on each subrecipient award.

The financial manager completes the FFATA report based on information obtained from the subrecipient award documents. The reports are then reviewed by the chief financial officer. However, the approval is communicated verbally and no documented evidence is retained.

Cause: The Board was unaware of the requirement to retain documentation of the review over the FFATA reports. In addition, the Board's internal control procedures were not designed to include a secondary review of the information submitted on the FFATA reports.

Effect: Audit procedures found no errors; however, without documentation of appropriate internal controls, there is an increased risk of errors occurring and going undetected. Further, the Board could submit FFATA reports with incomplete or inaccurate information required by the grant agreement.

Recommendation: We recommend that the Board design and implement well-documented internal control procedures to ensure accurate and timely FFATA reports.

Management's View: *We agree that internal controls were not sufficiently documented. While we corroborated that the FFATA report was reviewed and approved by management, it was not properly documented.*

We are drafting policies and procedures for federal grants including the review and approval of all federal reports.

Auditor's Concluding Remarks: We thank the Board for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

IDAHO DEPARTMENT OF EDUCATION, SUPERINTENDENT OF PUBLIC INSTRUCTION (Department)

FINDING 2021-204

The Department did not complete subrecipient monitoring of the Elementary and Secondary School Emergency Relief (ESSER) Fund of the Education Stabilization Fund.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Elementary and Secondary School Emergency Relief Fund
Assistance Listing Number: 84.425D
Federal Award Number: S425D210043 (ESSER II); S425D200043 (ESSER I)
Program Year: January 5, 2021 to September 30, 2022; May 18, 2020 to September 30, 2021

Federal Agency: Department of Education
Compliance Requirement: Subrecipient Monitoring
Questioned Costs: None

Criteria: The U.S. Code of Federal Regulations (CFR) 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* superseding the Office of Management and Budget (OMB) Circular A-102, Grants and Cooperative Agreements with State and Local Governments, describes the pass-through entity's responsibility for administering necessary requirements on subrecipients so that the federal award is used in accordance with federal regulations.

Specifically, 2 CFR 200.332(d) and 2 CFR 25.200 identify the requirements for the Department as the pass-through entity in providing subawards. This includes communication of certain information, such as the subrecipient's unique entity identifier and required registration in the System for Award Management (SAM). In addition, the Department must evaluate each subrecipient's risk of noncompliance with federal statutes and the terms and conditions of the subaward when determining the extent of subrecipient monitoring to be completed to ensure that the subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward, and that the subaward performance goals are achieved. In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required by the terms and conditions of the award, monitoring must include a review of financial and performance reports required by the pass-through entity, follow up on any deficiencies identified in the subrecipient that are detected through audits, on-site reviews, and other means, and issuing a management decision for audit findings, as required by 2 CFR 200.521.

Finally, 2 CFR 200.303 requires the Department to establish and maintain effective internal control over the federal award that provides reasonable assurance that the Department is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The Department initially integrated ESSER monitoring with the general subrecipient monitoring for other federal programs. The Department's 2020-2021 Monitoring Tool included one indicator related to the ESSER program. The Department also monitors financial activity when reimbursement requests are submitted to ensure funds are used for allowable activities and that expenditures include the appropriate level of support. However, the Department determined that the existing procedures were not robust enough for the additional requirements associated with ESSER subrecipient monitoring and discontinued those procedures without implementing any additional procedures.

Cause: The Department realized the current procedures were not sufficient to meet the monitoring requirements of ESSER and indicated they are developing a monitoring process specific to the ESSER program compliance requirements but did not complete it during the audit period.

Effect: The Department is not in compliance with subrecipient monitoring requirements. Without adequate monitoring of subrecipients, the Department is exposed to an increased risk of expending funds for unallowable or unsupported costs.

Recommendation: We recommend that the Department implement procedures to ensure compliance with all requirements as a pass-through entity. We also recommend that the Department design and implement effective control procedures to ensure subrecipient monitoring activities are complete and appropriate.

Management's View: *The Department agrees with this finding.*

The impact of the COVID-19 pandemic has significantly disrupted K-12 operations since spring 2020. Idaho was short on resources from the beginning, as we were all caught off guard with the immediate and on-going challenges related to COVID-19, the laws that followed the President's emergency declaration, and the influx *of funds to keep students and staff healthy and in school. After the initial closure in spring of 2020, all of Idaho's schools have remained open except for temporary closures resulting from a surge in cases.*

The resource constraints we experienced from the outset of the pandemic became clearer after each ESSER allocation was made through the CARES Act, the CRRSA Act, and the ARP ESSER. All states were experiencing similar challenges, but most states had immediate access to administrative dollars to begin addressing requirements earlier.

It wasn't until the end of the 2022 legislative session, that the Superintendent was given approval and spending authority to use ARP ESSER administrative funds to hire additional staff to meet the robust requirements identified by the U.S. Department of Education. Since then, interviews have been conducted and two positions hired beginning in April. One of those positions is an ESSER Monitoring coordinator position. Staff are working with the Education Northwest Comprehensive Center #17 (technical assistance arm of the U.S. Department of Education) on an ESSER monitoring process and timeline. ESSER monitoring will consist of a fiscal section similar to ESEA and a program section that tracks baseline measures and outcome data three times a year on interventions to address the academic impact of lost instructional time and interventions to address social, emotional, and mental health needs of students. Data from the program tracking will be collected annually. A comprehensive desk review will be conducted at least once for each LEA with a self-assessment required in the off years. Monitoring the ARP Homeless Children & Youth (HCY) will also be incorporated into the ESSER monitoring process. ESSER monitoring will begin this spring prior to the 2021-2022 school year ending and continue through spring of 2025 as required by the U.S. Department of Education.

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

OFFICE OF THE GOVERNOR (Office)

FINDING 2021-205

Quarterly Financial Progress Reports for the Coronavirus Relief Fund (CRF) contained inaccuracies.

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Coronavirus Relief Fund
Assistance Listing Number: 21.019
Federal Award Number: SLT0074, SLT0030
Program Year: March 1, 2020 to December 31, 2021
Federal Agency: Department of Treasury
Compliance Requirement: Reporting
Questioned Costs: None

Criteria: The *Uniform Guidance* given in the U.S. Code of Federal Regulations (CFR) 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

The CRF grant award from the U.S. Treasury Department requires prime recipients to provide quarterly Financial Progress Reports that contain COVID-19 related costs incurred during the covered period to the Treasury Office of Inspector General using the Grant Solutions portal. The prime recipient's quarterly Financial Progress Report submissions should be supported by the data in the prime recipient's accounting system.

Condition: We tested two of the four quarterly reports submitted during fiscal year 2021. We identified inconsistencies in both reports.

The SCO has been delegated the responsibility to complete these quarterly reports and reported current quarter amount expenditures for the quarter ending March 31, 2021 of $408,265,322; however, the underlying accounting data in STARS reported CRF expenditures of $402,489,844. In reviewing the SCO's supporting documentation, we noted the following errors:

- $3,064,836 was incorrectly excluded for Municipal Small Business Grants. These expenditures were identified as CRF expenditures in the STARS data.
- $10,000,000 was incorrectly included, this was a transfer of funds to the Idaho Housing and Finance Association for the Emergency Rental Assistance program.
- $1,334,529 was incorrectly excluded for funds reimbursed to the Division of Military. These expenditures were identified as CRF expenditures in the STARS data.

For the quarterly report ending on June 30, 2021, a transfer of funds back to the Office incorrectly reduced the amount of current quarter CRF expenditures by $468,853. Additionally, cumulative expenditures reported for the quarter ending on June 30, 2021 were $1,100,990,248. We identified CRF expenditures in STARS of $1,098,623,833 leaving a discrepancy of $2,366,415.

Cause: The SCO's procedures and controls were insufficient to prevent and detect errors in the required quarterly reporting.

Effect: Current quarter expenditures for the quarterly report ending March 31, 2021 were overstated by $5,775,478. Current quarter expenditures for the quarterly report ending June 30, 2021 were understated by $468,853. Cumulative expenditures were overstated for quarterly report ending June 30, 2021 by $2,366,415. These errors exceed our threshold of $368,263, below which errors are deemed to be inconsequential. Errors remain well below our compliance materiality threshold of $36,826,328. Without effective internal controls in place, the Office continues to risk incorrect amounts being reported that may be material to the accuracy or the financial statement.

Recommendation: We recommend that the Office and the SCO design and implement internal s controls to ensure accurate quarterly reporting.

Management's View: *The Office agrees with the finding.*

The corrective action plan includes making appropriate adjustments in the Finance Progress Report for the quarter ending March 31, 2022, to remove and add incorrectly included and excluded amounts. This will correct the cumulative total amount of expenditures reported for fiscal year 2021. Our office will coordinate more closely with DFM to ensure all applicable expenses are accurately reported on future progress reports.

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

IDAHO DEPARTMENT OF HEALTH AND WELFARE (Department)

FINDING 2021-206

The original Schedule of Expenditures of Federal Awards submitted to the Office of the State Controller reported a total of $104.9 million to an incorrect Assistance Listing number and understatements totaling $71 million of pass-through amounts to subrecipients.

Type of Finding: Significant Deficiency, SEFA Misstatement

Assistance Listing Title: Coronavirus Relief Fund, Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number: 21.019; 97.036
Federal Award Number: SLT0074; SLT0030; FEMA-4252-DR-ID; FEMA-4310-DR-ID; FEMA-4313-DR-ID; FEMA-4333-DR-ID; FEMA-4342-DR-ID; FEMA-4443-DR-ID; FEMA 4534-DR-ID; FEMA-4589-DR-ID
Program Year: March 1, 2020 to December 31, 2021; December 16, 2015 to December 2019; December 16, 2015 to December 2019; March 6, 2017 to March 2021; May 6, 2017 to May 2021; March 29, 2017 to March 2021; April 7, 2019 to April 2023; January 20, 2020 to Ongoing; January 13, 2021 to January 2025
Federal Agency: Department of Treasury; Department of Homeland Security
Compliance Requirement: Code of Federal Regulations (CFR) 2 CFR 200.510(b)
Questioned Costs: None

Criteria: The U.S. Code of Federal Regulations (CFR) 2 CFR 200.510(b) requires the State to prepare a Schedule of Expenditures of Federal Awards (SEFA) for the fiscal year that must include the total federal awards expended. State agencies are required to report federal expenditures incurred for each federal program during the State fiscal year to the Office of the State Controller (SCO) through the SEFA closing package. The SCO provides instructions on the completion of the closing package. Those instructions indicate that agencies should complete the SEFA closing package if the agency received and expended any direct or subrecipient federal awards during the fiscal year.

The *Uniform Guidance* included in 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure management directives are carried out and risks are mitigated. These activities include things like approvals, authorizations, verifications, reconciliations, and segregation of duties.

Condition: The Coronavirus Relief Fund federal expenditures totaling $104.9 million was incorrectly reported under the Assistance Listing (AL) number 21.027 (Coronavirus State and Local Fiscal Recovery Funds) instead of 21.019 (Coronavirus Relief Fund) on the original SEFA that was submitted on August 24, 2021. Further, the amount on the original SEFA for the Coronavirus Relief Fund was understated by $26,000.

Additionally, the total federal expenditures reported as pass through to subrecipients for fiscal year 2021 was originally understated by $71 million. The amount of expenditures to pass through to subrecipients on the original SEFA closing package was reported as $106 million and $177 million on a revised SEFA submission. The $71 million was an aggregate of $60 million from the Coronavirus Relief Fund and $11 million from the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program. In a subsequent iteration of the SEFA, it was determined that the expenditures reported as pass through to subrecipients for the Coronavirus Relief Fund should have only been $58.3 million as $1.7 million in payments to a contractor were erroneously accounted for as payments to a subrecipient.

Cause: While the internal controls over the review of the fiscal year 2021 SEFA closing packages functioned, the review was not completed at a level of detail sufficient to identify inaccuracies in the AL number and reported pass-through amounts to subrecipient expenditures on the original version of the SEFA.

Effect: The original SEFA amounts provided to the SCO included a $104.9 million overstatement for the Coronavirus State and Local Fiscal Recovery Funds program and a corresponding $104.9 million understatement of the Coronavirus Relief Fund program. Additionally, federal expenditures reported as pass-through to subrecipients were originally understated by $71 million. The amounts were corrected in a subsequent submission of SEFA information.

Recommendation: We recommend that the Department improve the review process for the SEFA to included procedures at a level of detail sufficient to identify inaccuracies.

Management's View: *The Department agrees with the finding.*

The Department has acknowledged the risk around this area and had already planned to implement a new process where the SEFA closing package would be prepared by the Cash and Grants Supervisor and reviewed in detail by the Financial Manager – Cash, Grants, and Revenue Operations. The Financial Executive Officer would still be responsible for final review and submission of the closing package. Unfortunately, as a result of staffing shortages and a significantly increased workload related to COVID-19 funding and reporting requirements, the Department had to make some concessions based on risks in many aspects of the business – one such concession was to not implement the more detailed review process for SFY21 SEFA preparation and rely on the previously implemented controls.

The Department intends to move forward with the implementation of the previously planned enhanced review procedures in the coming year.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. We feel it is important to point out that the circumstances described by the Department in their response are exactly why it is so important to ensure appropriate internal controls are properly designed, in place, and consistently executed to ensure that reporting requirements are met. Staffing shortages are an often unavoidable situation, especially as part of the challenges presented by the COVID-19 pandemic. The Department made a conscious decision to abandon a critical, annually performed, internal control over the reporting of approximately $3.2 billion on the SEFA as a solution to that problem, and state that it was done as part of a risk based approach, is a misuse of the risk-assessment process.

If properly implemented and consistently performed, the enhanced review procedures described in the corrective action plan should address the concern.

FINDING 2021-207
The Department did not complete periodic audits for the Managed Care Organizations in the Medicaid program to ensure accuracy, truthfulness, and completeness of the encounter and financial data submitted.

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII); Medical Assistance Program (Medicaid; Title XIX)
Assistance Listing Number: 93.777, 93.778
Federal Award Number: 2005ID5028; 2005ID5MAP; 2005ID5ADM; 2005IDINCT; 2005IDIMPL; 2105ID5MAP; 2105ID5ADM; 2105IDINCT; 2105IDIMPL
Program Year: October 1, 2019 to March 31, 2021; October 1, 2020 to December 31, 2020; October 1, 2020 to December 31, 2021; January 1, 2021 to March 31, 2022
Federal Agency: Health and Human Services
Compliance Requirement: Special Tests and Provisions
Questioned Costs: None

Criteria: The U.S. Code of Federal Regulations (CFR) 42 CFR 438.602(e) states, effective no later than for rating periods for contracts starting on or after July 1, 2017, that the State must periodically, but no less frequently than once every three years, conduct, or contract for the conduct of, an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by or on behalf of each Managed Care Organization (MCO), Prepaid Inpatient Health Plan, and Prepaid Ambulatory Health Plan and post the results of these audits on its website.

The *Uniform Guidance* included in 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

Condition: Each MCO is required to receive a periodic audit no less frequently than every three years for contracts with rating periods on or after July 1, 2017. We noted one MCO with a contract where rating periods were dated July 1, 2017, to June 30, 2019, resulting in a required periodic audit on or before June 30, 2021. The periodic audit is anticipated to be completed in June 2022. The Department did not implement internal controls to ensure that the periodic audits were completed and published on the Department website.

The three remaining MCOs were not required to receive a periodic audit during the audit period under review.

Cause: The Department began the process of engaging an independent firm to complete the audit work in March 2020; however, the Department did not complete that process and does not have procedures in place to ensure the periodic audit was completed in the required timeframe.

Effect: The independent periodic audits of encounter and financial data submitted by each MCO are critical to ensuring information submitted by the MCO is accurate, truthful, and complete for encounter and financial data.

Recommendation: We recommend that the Department conduct, or contract for the conduct of, periodic audits of MCOs no less frequently than once every three years to ensure the accuracy, truthfulness, and completeness of the encounter and financial data submitted by or on behalf of each MCO.

Management's View: *The Department agrees with this finding.*

The Division of Medicaid is currently conducting the reviews of encounter data and financial information for the IBHP, Idaho Duals and MCNA Dental. The IBHP review will be completed by June 30, 2022. Idaho Duals and MCNA Dental are to follow during the 2023 state fiscal year. The Division of Medicaid requested ongoing funding to perform these reviews for applicable managed care plans during the 2022 budget cycle. This budget was approved and the appropriation was utilized during SFY2022.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

FINDING 2021-208

The Department utilized the incorrect National Correct Coding Initiative (NCCI) edit files in processing Medicaid payments that could result in improper payments because of outdated payment rates for procedures, changes in procedures allowed by Medicaid, and other changes to the edit files.

Related to Prior Finding: 2020-210

Type of Finding: Noncompliance

Assistance Listing Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII); Medical Assistance Program (Medicaid; Title XIX)
Assistance Listing Number: 93.777; 93.778
Federal Award Number: 2005ID5028; 2005ID5MAP; 2005ID5ADM; 2005IDINCT; 2005IDIMPL; 2105ID5MAP; 2105ID5ADM; 2105IDINCT; 2105IDIMPL
Program Year: October 1, 2019 to March 31, 2021; October 1, 2020 to December 31, 2020; October 1, 2020 to December 31, 2021; January 1, 2021 to March 31, 2022
Federal Agency: Health and Human Services
Compliance Requirement: Special Tests and Provisions
Questioned Costs: None

Criteria: The Department is required to incorporate NCCI methodologies into the State Medicaid programs pursuant to the requirements of Section 6507 of the Affordable Care Act, section 1903(r) of the Social Security Act. The Medicaid Technical Guidance Manual 2020 section 7.0 requires the Department to download the NCCI edit files that are available through the Medicaid Integrity Institute (MII), a division of the Centers for Medicare and Medicaid Services (CMS), using a secure portal (RISSNET). The publicly available files located on the Medicaid NCCI webpage are not for use by states.

Access to the complete quarterly NCCI edit files available through MII's RISSNET portal is limited to a state's Medicaid agency. These state-only NCCI edit files contain information that is not included in the publically available NCCI edit files, medically unlikely edits (MUE) that are no longer in effect, MUE effective dates and deletion dates, current MUE effective dates, and Correspondence Language Identification Number (CLEID) for procedure-to-procedure (PTP) edits.

Condition: In paying Medicaid claims, the Department is required to implement NCCI methodologies to ensure that only proper payments of procedures are reimbursed. The Department is also required to download the correct quarterly edit files from the Medicaid Integrity Institute. Audit procedures included inquiries of Medicaid program personnel to ascertain if appropriate NCCI procedures were implemented. The Department contracted with DXC Technology Services for the processing of the NCCI edit files. DXC Technology Services contracted with Context 4 to receive the NCCI edit files. Inquiries found that the files received by Context 4 were the publically available edit files and not the state Medicaid agency edit files available through Medicaid Integrity Institute and the RISSNET portal, as required by the Medicaid Technical Guidance Manual.

Gainwell Technologies purchased DXC Technology Services in October 2020 and took over existing contracts and agreements in place at the time, including the contract with Context 4.

The Department began working with Gainwell Technologies in February 2021 with a goal to implement the appropriate edit files by July 1, 2021. The development of a procedure for data file transfers took longer than anticipated. Additionally, the Department and Gainwell were required to prioritize other projects and noncompliance continued through fiscal year 2021. The Department planned to complete a review of the payments to determine if any improper payments were made during the time when the incorrect NCCI edit file was in place, as recommended for fiscal year 2020, but that review has yet to be completed.

The Medicaid Technical Guidance Manual was updated in February 2021 and the correct edit files were implemented in November 2021.

Cause: The Department did not have procedures in place to ensure the correct NCCI edit file was utilized. The current contracts in place do not require or specify the use of the NCCI edit files available through the Medicaid Integrity Institute. Further, the Department was not aware that the contractor was using the incorrect NCCI edit files and not obtaining the correct edit file through Medicaid Integrity Institute using the RISSNET portal.

Effect: Despite no improper payments being identified during audit testing procedures, the Department's use of the public NCCI edit files, instead of the state Medicaid agency edit files, could lead to incorrect payment edits being processed and creating improper payments.

Recommendation: We continue to recommend that the Department review payments processed under the incorrect NCCI edit files during fiscal year 2020 and 2021 to identify any incorrect payments.

Management's View: *The Department partially agrees with this finding and recommendation.*

The state downloaded the RISSNET NCCI edit files and delivered to Gainwell Technologies for claims processing on November 18, 2021. Gainwell Technologies determined they can load the files directly and no longer need to involve their sub vendor, Context4. As of December 2021, the state setup a quarterly schedule with Gainwell Technologies to deliver the RISSNET NCCI edit files.

The State is downloading the correct NCCI file from RISSNET and delivering it to the vendor, Gainwell Technologies, each quarter and it has been incorporated into claims processing. LSO has recommended review of payments processed under the incorrect NCCI edit files during fiscal years 2020 and 2021 to identify any incorrect payments. Upon further analysis, it has been determined that it is not feasible to conduct such a review. Medicaid NCCI files from those timeframes are not available from RISSNET to download and use. Medicaid is unable to obtain the information necessary to conduct such an analysis. Medicaid is conducting analysis of the current RISSNET NCCI file against the publicly available NCCI file to determine any differences between the two files. That analysis is in progress with an expected completion date of April 30, 2022. Once the analysis is complete, Medicaid will have a better idea if there are major differences between the two files that could potentially need to be addressed in the past.

However, Medicaid does not have access to the historical files for a direct comparison. There are two main barriers to applying the RISSNET NCCI edits to SFY20 and SFY21 claims as recommended by LSO: the files for those timeframes are not available to Medicaid to use, and it would be not practical to reprocess every claim from SFY20 through the current date. This would impose an administrative and communication burden on both the State and the Medicaid provider community.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. We are concerned that the proper edit files were not distributed to the contractor and properly included in the MES until seven months after we issued finding 2020-210 as part of the Single Audit Report for state fiscal year 2020, and five months after the date they indicated they would complete corrective action for the finding. Additionally, no analysis was performed to determine the impact of using the publicly available edit files instead of the required edit files. NCCI edit files available on the RISSNET secure portal contain additional information necessary for correct claims processing by the Department. As stated in the guidance from the Centers for Medicare and Medicaid Services (CMS) regarding NCCI edit files, the Department's use of the publicly available files that do not contain edit history may result in improper payment or inappropriate denials. The public files do not contain the Correspondence Language Example Identifiers (CLEID) contained in the files on the RISSNET secure portal. CLEIDs support the rationale for each edit during the claims processing and adjudication process. While we understand the barriers to accessing prior edit files, we continue to assert that this is an important aspect of compliance, and encourage the Department to work with federal grantors to access the prior edit files so an analysis can be completed to ensure the minimization of improper payments, inappropriate denials, or paid claims at improper payment rates.

FINDING 2021-209

Confidentiality agreements in place with Medicaid contractors did not include all required elements to ensure compliance with the Medicaid program.

Related to Prior Finding: 2020-211

Type of Finding: Noncompliance

Assistance Listing Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII); Medical Assistance Program (Medicaid; Title XIX)
Assistance Listing Number: 93.777; 93.778
Federal Award Number: 2005ID5028; 2005ID5MAP; 2005ID5ADM; 2005IDINCT; 2005IDIMPL; 2105ID5MAP; 2105ID5ADM; 2105IDINCT; 2105IDIMPL
Program Year: October 1, 2019 to March 31, 2021; October 1, 2020 to December 31, 2020; October 1, 2020 to December 31, 2021; January 1, 2021 to March 31, 2022
Federal Agency: Health and Human Services
Compliance Requirement: Special Tests and Provisions
Questioned Costs: None

Criteria: The Medicaid Technical Guidance Manual 2020 Section 7.1.2 requires that the following elements be included in the confidentiality agreements for any contracted party using the Medicaid NCCI files posted on the MII:

- Disclosure shall be limited to only those responsible for the implementation of the quarterly state Medicaid NCCI edit files. Disclosure shall not be made prior to the start of the new calendar quarter.
- After the start of the new calendar quarter, a Contracted Party may disclose only non-confidential information contained in the Medicaid NCCI edit files that is also available to the general public found on the Medicaid NCCI webpage.
- The Contracted Party agrees to use any non-public information from the quarterly state Medicaid NCCI edit files only for any business purposes directly related to the implementation of the Medicaid NCCI methodologies in the particular state.
- New, revised, or deleted Medicaid NCCI edits shall not be published or otherwise shared with individuals, medical societies, or any other entities unless it is a Contracted Party prior to the posting of the Medicaid NCCI edits on the Medicaid NCCI webpage.
- Implementation of New, revised, or deleted Medicaid NCCI edits shall not occur prior to the first day of the calendar quarter.
- Only a state Medicaid agency has the discretion to release additional information for selected individual edits or limited ranges of edits from the files posted on the MII.
- State Medicaid agencies must impose penalties, up to and including loss of contract, for violations of any confidentiality agreement relating to use of the MII edit files.

Condition: The Department has a confidentiality agreement with DXC Technology Services; however, there was not a separate confidentiality agreement with Context 4, with whom DXC Technology Services contracts. In addition, the confidentiality agreement in place with DXC Technology Services does not include all the required elements per the Technical Guidance Manual.

The Department began working with Gainwell Technologies in February 2021 with a goal to implement the appropriate edit files and sign the required confidentiality agreement by July 1, 2021. The development of a procedure for data file transfers too longer than anticipated. Additionally, the Department and Gainwell were required to prioritize other projects and noncompliance continued through fiscal year 2021. The Medicaid Technical Guidance Manual was updated in February 2021 and the correct edit files were implemented and a confidentiality agreement was signed in November 2021.

Cause: The Department did not have procedures in place to ensure confidentiality agreements included all of the elements required by the Medicaid Technical Guidance Manual 2020. Further, the Department was not aware of the confidentiality agreement requirements for contracted parties working with the NCCI edit files.

Effect: Without all parties understanding and agreeing to the required confidentiality agreement components, confidential Medicaid NCCI edit file data could be improperly released.

Recommendation: We recommend that the Department ensure that confidentiality agreements are in place with the required parties and that the agreements contain all of the necessary components.

Management's View: *The Department agrees with this finding.*

Vendor confidentiality agreement was executed with Gainwell Technologies on November 12, 2021. This agreement met all the required elements. As a result of the change of the State providing the NCCI edit file instead of Context 4, Context 4 no longer has a role in Medicaid NCCI editing and is not considered a party to the agreement. The State will continue to provide the NCCI edit file to Gainwell Technologies, and both parties will abide by the stipulations outlined in the executed confidentiality agreement.

In addition, the Bureau of Medicaid Enterprise Systems has incorporated contract monitoring activities to include monitoring for required changes to confidentiality agreements and making any necessary changes to existing agreements. Contract monitors will review any changes in accordance with the terms and conditions of the contract. Any procurement activities to secure new vendors will be subject to confidentiality agreements in accordance with the necessity of the work being performed and the terms and conditions of the contract.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

FINDING 2021-210
The Department did not maintain consistent operation of controls and compliance with Electronic Benefit Transfer (EBT) card security procedures for the Supplemental Nutrition Assistance Program (SNAP).

Type of Finding: Material Weakness, Noncompliance

Assistance Listing Title: Supplemental Nutrition Assistance Program, State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Assistance Listing Number: 10.551, 10.561
Federal Award Number: 21ID35051692301; 207ID4IDS8026; 207IDID4Q7503; 207IDID4S2514; 207IDID4S2519; 207IDID4S2520; 217IDID4S2514; 217IDID5Q3903; 217IDID6F1003; 217IDIDXE2518; 217IDID5S9018; 217IDID4S2520; 217IDID4S2519; 217IDID4Q7503; 217ID4IDS8036; 217ID4IDS8026
Program Year: October 1, 2019 to September 30, 2020; March 11, 2021 to September 30, 2021; October 1, 2020 to September 30, 2021; October 1, 2020 to September 30, 2022
Federal Agency: Department of Agriculture
Compliance Requirement: Special Tests and Provisions
Questioned Costs: None

Criteria: The Department is required to maintain adequate security over, and documentation/records for EBT cards to prevent their theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR section 274.8(b)(3)).

Further, 7 CFR 274.5(c) states that an EBT card is considered an accountable document. The State agency is required, at minimum, to provide the following security and control procedures relating to these documents:

- Secure storage
- Access limited to authorized personnel
- Bulk inventory control records
- Subsequent control records maintained through the point of issuance or use

- Periodic review and validation of inventory controls and records by parties not otherwise involved in maintaining control records

The *Uniform Guidance* included in 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure management directives are carried out throughout the operation. Verifications, approvals, and authorizations are all control activities that support this objective.

Condition: The Department utilizes 19 field offices spread over 7 regions for distribution of EBT cards. Each office is required to complete logbooks monthly that include the Idaho Issuance Log for Blank EBT Cards, Destruction Log for EBT Cards, and the Month End EBT Card Count. The monthly records are reviewed by an EBT specialist to determine inventory accuracy and that cards are being tracked correctly.

During our review, we identified 10 instances out of a sample of 23 months, or 43 percent, in which the review by the EBT specialist was not documented.

We also noted during our review, 4 instances out of a sample of 23 months, or 17 percent, in which a Card Usage Report was not submitted. In addition, 18 instances out of a sample of 23 months, or 78 percent, in which the Destruction Log was not submitted. In some months, both types of noncompliance were identified. There were only 5 months out of a sample of 23, or 22 percent, where no form of noncompliance was identified in our testing.

Cause: The reviews of some office logs and reports by an EBT Specialist were not documented or completed. Additionally, the supervisory oversight of the EBT Specialists was not completed at a level sufficient to identify the lack of documentation or completion of the required reviews.

Effect: The lack of proper card security and inventory monitoring increases the risk of improper EBT card distribution and management. Without effective internal controls in operation, there is also an increased potential for further noncompliance with federal requirements.

Recommendation: We recommend that the Department improve oversight with regard to the regional offices and supplement internal controls and documentation to ensure compliance with the necessary federal requirements.

Management's View: *The Department agrees with the finding.*

The Department performed a comprehensive review of the EBT card security procedures and determined that proper procedures were not being appropriately performed and internal controls failed to be in compliance with EBT card inventory audit requirements. The Department will perform and complete the missing inventory audits by June 30, 2022 and the EBT Supervisor has reiterated the expectations of performing these audits. The entire EBT team has been trained on the bulk card ordering and issuing process and has modified security procedures to mitigate the risk of non-compliance in the future. Beginning in April of 2022, on a quarterly basis, the EBT Supervisor will review the previous quarter's electronic card audits for accuracy, completeness and that the required documentation was submitted by each field office. The bulk card stock has been relocated to a central location, audited, and a new bulk card manifest spreadsheet is being implemented. The new spreadsheet will be complete and in use by June 30, 2022. Moving forward, the EBT card audit process will be reviewed on a regular basis and aligned with federal and state regulation.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

FINDING 2021-211
Subrecipient monitoring procedures were not adequate to ensure compliance with federal requirements for the Supplemental Nutrition Assistance Program (SNAP).

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Supplemental Nutrition Assistance Program, State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Assistance Listing Number: 10.551; 10.561
Federal Award Number: 21ID35051692301; 207ID4IDS8026; 207IDID4Q7503; 207IDID4S2514; 207IDID4S2519; 207IDID4S2520; 217IDID4S2514; 217IDID5Q3903; 217IDID6F1003; 217IDIDXE2518; 217IDID5S9018; 217IDID4S2520; 217IDID4S2519; 217IDID4Q7503; 217ID4IDS8036; 217ID4IDS8026
Program Year: October 1, 2019 to September 30, 2020; March 11, 2021 to September 30, 2021; October 1, 2020 to September 30, 2021; October 1, 2020 to September 30, 2022
Federal Agency: Department of Agriculture
Compliance Requirement: Subrecipient Monitoring
Questioned Costs: None

Criteria: The U.S. Code of Federal Regulations (CFR) 2 CFR 25.200 and 2 CFR 200.331 identify requirements for the Department when functioning as the pass-through entity providing subawards. The Department must evaluate each subrecipient's risk of noncompliance with subaward requirements to determine the extent of subrecipient monitoring completed. In addition, monitoring must also include a review of financial and performance reports required by the pass-through entity; follow up on any deficiencies identified in the subrecipient that are detected through audits, on-site reviews, and other means; and issuing a management decision for audit findings, as required by 2 CFR 200.521.

The Department must also verify that every subrecipient is audited, as required by Subpart F – Audit Requirements of 2 CFR 200, when the subrecipient expends $750,000 or more in federal awards during the fiscal year.

The *Uniform Guidance* included in 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

Condition: No subrecipient monitoring activities occurred for 1 of 2 identified SNAP subrecipients. This includes the missing activities for the subrecipient as follows:

- A completed risk assessment for fiscal year 2021 subrecipient monitoring activities.
- Evidence the subrecipient monitoring included a review of the audit reports if the subrecipient exceeded $750,000 and required a single audit.
- The Department's review of subrecipients' corrective actions on deficiencies noted in audits was not documented.

Cause: At the time the initial subgrant agreement was executed with the subrecipient, the Department informally deemed the subrecipient to be low risk. Based on the low risk assessment, no monitoring procedures were implemented. The Department explained that a monitoring plan would have been developed and implemented if the subrecipient had chosen to continue the relationship.

Effect: Without adequate monitoring of subrecipients, the Department is exposed to an increased risk of expending funds for unallowable costs and noncompliance with federal requirements.

Recommendation: We recommend that the Department implement procedures to ensure compliance with all the requirements of a pass-through entity. We also recommend that the Department design and implement effective internal control procedures to ensure adequate subrecipient monitoring activities are completed.

Management's View: *The Department agrees with this finding.*

At the time the contract was initiated, the Division of Welfare was following contract guidelines for monitoring subgrants. As discussed, the subgrant in question ended on September 30, 2021. Beginning with Federal Fiscal Year 2022 (FFY2022), the Division of Welfare put into place the following monitoring strategies for the SNAP-Ed program to meet compliance for these subgrants:

- *Annually, a risk assessment is conducted for all subgrantees. The risk assessment looks at factors such as results from previous management evaluations, number of unresolved findings, changes in leadership and high staff turnover to determine if the subgrantee is high risk. The risk assessment identifies subgrantees that need additional monitoring.*
- *Following SNAP-Ed federal program guidance, financial reviews will be conducted annually. Onsite program reviews will be conducted every three years for low-risk entities.*
- *Management evaluation reports are prepared and shared with the subgrantee. Subgrantees are required to address all findings. The Division of Welfare may require performance improvement plans or corrective action plans, dependent upon the severity and frequency of findings.*
- *Conduct annual verification of a single audit for any subgrant receiving $750,000 in federal funding.*

Currently, there are no corrective action plans in place for any SNAP-ED subgrantees.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

IDAHO DEPARTMENT OF LABOR (Department)

FINDING 2021-212

The Department does not have internal control procedures in place to ensure the accuracy of performance reports for the Unemployment Insurance (UI) grant.

Type of Finding: Significant Deficiency

Assistance Listing Title: Unemployment Insurance
Assistance Listing Number: 17.225
Federal Award Number: UI-34055-20-55-A-16, UI-35645-21-55-A-16
Program Year: October 1, 2019 to December 31, 2029; October 1, 1020 to December 31, 2023
Federal Agency: Department of Labor
Compliance Requirement: Reporting
Questioned Costs: None

Criteria: The U.S. Code of Federal Regulations (CFR) *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (2 CFR 200.303) states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) published the Internal Control Integrated Framework which provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. A component of this framework is control activities, which are the policies and procedures that help ensure the entity's objectives are met.

Condition: The Department compiles three monthly performance reports with information about the UI grant Employee Training and Assistance (ETA) programs and submits them to the United States Department of Labor (USDOL):

- ETA 9050 – Time Lapse of All First Payments except Workshare
- ETA 9052 – Nonmonetary Determination Time Lapse Detection
- ETA 9055 – Appeals Case Aging –Lower and Higher Authority Appeals

The reports are data sets from the Department's UI system. The USDOL has a data validation system designed to check the data sets for the correct elements and structure prior to final submission. If errors are identified, they are communicated to the Department and resolved prior to uploading the data sets to the USDOL reporting system. The Department has a procedure to use the data validation system for each report submission; however, only one employee at the Department is responsible for uploading the data and resolving any identified errors. This process is completed by only one employee. The Department has not identified any internal control procedures designed and in place, such as an independent review and approval of the data prior to submission, or of the USDOL review reports and corrections, that would ensure the accuracy of the reports.

Cause: The Department believed that the federal data validation system check and error correction was sufficient to ensure the accuracy of the reports and, as a result, did not design or implement internal controls to ensure the accuracy and compliance of information included in the reports.

Effect: We did not identify any errors in the performance reports reviewed; however, federal regulations require grant recipients to maintain and document internal controls to ensure the grants are being effectively managed. Without control procedures in place, there is an increased risk that an error could occur and remain undetected and uncorrected.

Recommendation: We recommend that the Department design and implement internal control procedures to ensure reports are submitted accurately, timely, and in compliance with federal grant reporting requirements. We further recommend that the Department design and implement procedures to ensure that documentation is maintained to support the implementation of the control procedures.

Management's View: *The Department agrees with the audit finding.*

The department recognizes the need to incorporate adequate internal controls over reports submitted to our federal partners for the grants we administer. In order to ensure proper internal controls over federal reporting, the department will take the following steps:

Step 1:

- *Draft a policy to which all department staff who submit federal reports will adhere. The new policy shall include:*
    - *A requirement for all staff who produce federal reports to draft a procedure for each report or groups of reports for which they are responsible. Although each report/group of reports has unique reporting requirements, the procedure shall, at a minimum, be in writing, require*

secondary review and sign-off prior to submission, and be routinely monitored by cost center managers as appropriate for the report/group of reports.
- *A sign-off requirement of all report procedures by division administrators to ensure that the process incorporates adequate internal controls to mitigate risk of misreporting to an acceptable level.*

Step 2:
- *Solicit feedback on the new policy from Cost Center managers, report producers, and administrators.*

Step 3
- *Implement the new policy department-wide.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

IDAHO MILITARY DIVISION (Division)

FINDING 2021-213

The Division did not perform subrecipient risk assessments, ensure subrecipient audits were received, or fully disclose required information to subrecipients for the Presidentially Declared Disaster Grant.

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number: 97.036
Federal Award Number: FEMA-4252-DR-ID; FEMA-4310-DR-ID; FEMA-4313-DR-ID; FEMA-4333-DR-ID; FEMA-4342-DR-ID; FEMA-4443-DR-ID; FEMA 4534-DR-ID; FEMA-4589-DR-ID
Program Year: December 16, 2015 to December 2019; December 16, 2015 to December 2019; March 6, 2017 to March 2021; May 6, 2017 to May 2021; March 29, 2017 to March 2021; April 7, 2019 to April 2023; January 20, 2020 to Ongoing; January 13, 2021 to January 2025
Federal Agency: Department of Homeland Security
Compliance Requirement: Subrecipient Monitoring
Questioned Costs: None

Criteria: The U.S. Code of Federal Regulations (CFR) *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200.303) states that nonfederal entities must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations and the terms and conditions of the federal award.

The requirements for pass-through entities are in 2 CFR 200.332, which states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward:

- Federal award identification:
    1. Subrecipient name
    2. Subrecipient's unique entity identifier
    3. Federal Award Identification Number (FAIN)
    4. Federal award date of award to the recipient by the federal agency
    5. Subaward period of performance state and end dates
    6. Subaward budget period state and end date
    7. Amount of federal funds obligated by this action by the pass-through entity to the subrecipient
    8. Total amount of federal funds obligated to the subrecipient by the pass-through entity including the current obligation

9. Total amount of federal funds committed to the subrecipient by the pass-through entity
10. Federal award project description, as required to be response to the Federal Funding Accountability and Transparency Act (FFATA)
11. Name of federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity
12. Assistance Listing Number (formerly Catalog of Federal Domestic Assistance Number) and title
13. Identification of whether the award is research and development (R&D)
14. Indirect cost rate for the federal award

- All requirements imposed by the pass-through entity on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award
- Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the federal awarding agency, including identification of any required financial and performance reports

Pass-through entities must also:

- Evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for the purpose of determining the appropriate subrecipient monitoring
- Consider imposing specific subaward conditions upon a subrecipient, if appropriate
- Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward, and that subaward performance goals are achieved
- Verify that every subrecipient is audited as required by 2 CFR 200, Subpart F, and follow up on the results of those audits

Condition: The Division receives funds for Presidentially Declared Disasters (Assistance Listing Number 97.036) from the Federal Emergency Management Agency (FEMA). More than 99 percent of these funds are passed through to 72 subrecipients.

The Division complied with some, but not all, of the pass-through entity requirements. Noncompliance was identified in the following areas:

- The Division did not disclose all of the required information at the time of the award. Five of the fourteen listed items were missing: federal award date, subaward budget period start and end date, title of Assistance Listing Number, identification of whether it is R&D, and the indirect cost rate.
- The Division did not document their evaluation of each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward
- The Division did not ensure that the subrecipients were audited as required by 2 CFR 200, Subpart F.

Cause: Once the grant has been awarded, the Division uses a template for the obligation and award letter, which has not been updated to reflect current requirements. These documents did not contain all of the information required to be communicated to subrecipients. The Division did not identify whether the grant was for R&D because they felt it was sufficiently understood that it was specifically for disaster relief and not for R&D. This information is still required to be communicated. The Division also indicated that they communicated to the subrecipients during the application process that, under the grant, administrative (indirect) costs are allowed up to 5 percent of each obligation and charged to a separate project number but they neglected to provide documentation of that, or any other notification made after acceptance of the funds.

The Division did not consider a formal documented risk assessment because they believed that this was sufficiently done during the application process. Many of the projects are already completed at the time of the application and the Division reviews the project costs and is able to identify and remove unallowed costs as part of the initial approval process. For these subrecipients, the risk of noncompliance is low; however, the Division did not formally document the risk assessment for any subrecipients, including those with ongoing projects.

The Division was aware that they were required to communicate the 2 CFR 200, Subpart F, audit requirements to subrecipients, but was unaware of the additional requirements to ensure subrecipients' audits were completed and to review any findings related to the program.

Effect: Subrecipient monitoring is a critical requirement as part of accepting federal funds and ensuring that those funds are spent in compliance with allowable costs and other guidelines provided by the grantor. Subrecipients need the required grant information to properly implement, manage, and report the federal award. Without this information, subrecipients have an increased risk of noncompliance with the federal award requirements.

Assessing the risk of subrecipient noncompliance enables a pass-through entity to determine the proper level of monitoring procedures. Without completing the risk assessment process, a pass-through entity may increase the risk that appropriate monitoring procedures will not be performed at a sufficient level to detect noncompliance or that a subrecipient will not comply with the grant terms.

Subrecipient audit reports may identify internal control issues and noncompliance with the federal award requirements. Reviewing these reports and ensuring that potential issues are addressed decreases the overall risk of noncompliance with the federal award requirements.

Recommendation: We recommend that the Division design and implement appropriate procedures to ensure that all required information is communicated to subrecipients at the time of the award, subrecipient risk assessments are properly completed and documented, and subrecipient audits are completed and reviewed in accordance with federal grant regulations.

Management's View: *The Division agrees with this finding.*

The Idaho Office of Emergency Management will ensure all required information will be included in the Obligation Letters outlining the awards to Applicants. A revised Obligation Letter template containing all the required elements will serve as the basis for all Applicant obligation notifications. In addition to its current review of Applicant status on www.sam.gov prior to funding projects, IOEM Recovery Staff will perform a risk assessment based on the existing tool for Non-Disaster grants at the time of receipt of a Request for Public Assistance, to include a review of single- audits conducted during the prior year. The updated Request for Advance/Reimbursement (RFAR) will provide a "Yes/No" selection to indicate if a minimum of $750,000 in federal funds (all sources) was expended during the Applicant's fiscal year, and indicate the requirement for a single-audit to be provided and reviewed to IOEM Recovery if the response is in the affirmative. IOEM Recovery staff will calendar an appointment for follow-up to ensure compliance.

Additionally, The IOEM Grants Management Branch Chief will review audit reports provided by the subrecipient or accessed through the Idaho State Controller's Office (SCO) Transparent Idaho website and assign a Finance or Recovery Specialist to identify subrecipients that are missing reports or have findings. The assigned Finance or Recovery Assistant will then correspond with the subrecipients to obtain missing audits or to ascertain audit finding resolutions. The IOEM Grants Management Branch Chief will also review audits not previously submitted to SCO from private non-profit entities and tribes, and address deficiencies and concerns in the manner described above. Unaddressed audit findings may result special conditions for grant awards or funding holds, depending on the severity of the findings.

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

FINDING 2021-214

The Division did not properly submit two reports required under the Federal Funding Accountability and Transparency Act, and was lacking internal controls related to performance progress reports for the Presidentially Declared Disaster Grant.

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number: 97.036
Federal Award Number: FEMA-4252-DR-ID; FEMA-4310-DR-ID; FEMA-4313-DR-ID; FEMA-4333-DR-ID; FEMA-4342-DR-ID; FEMA-4443-DR-ID; FEMA 4534-DR-ID; FEMA-4589-DR-ID
Program Year: December 16, 2015 to December 2019; December 16, 2015 to December 2019; March 6, 2017 to March 2021; May 6, 2017 to May 2021; March 29, 2017 to March 2021; April 7, 2019 to April 2023 January 20, 2020 to Ongoing; January 13, 2021 to January 2025
Federal Agency: Department of Homeland Security
Compliance Requirement: Reporting
Questioned Costs: None

Criteria: The U.S. Code of Federal Regulations (CFR) *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (2 CFR 200.303) states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The Disaster Grants – Public Assistance (Presidentially Declared Disasters) grant awards require the Division to submit a Federal Funding Accountability and Transparency Act (FFATA) Special Report, and quarterly performance/progress reports. Appendix A to 2 CFR part 170 states that recipients must submit a FFATA report for each obligation action that equals or exceeds $30,000 in federal funds for a subaward to a nonfederal entity. The reports must be submitted no later than the end of the month following the month in which the obligation was made. The requirements for performance/progress reports are contained in 44 CFR 206.204(f), which states that quarterly progress reports must be submitted to the Federal Emergency Management Agency (FEMA) regional administrator. Reports are due 30 days after the first federal quarter following the federal award date: January 30, April 30, July 30, and October 30.

Condition: We tested eight Disaster Grants-Public Assistance subawards and found one FFATA report that was submitted 27-days late, and one FFATA report that was not submitted as required resulting in an error rate of 25 percent.

The Division submitted all required performance/progress reports timely; however, no documentation is retained to support that the reports were reviewed prior to submission.

Cause: The Division has no documented controls in place to ensure the accurate and timely submission of FFATA and performance reports. The FFATA reporting group experienced almost 50 percent turnover during the audit period and did not design control procedures to ensure the reports were reviewed prior to submission. Multiple personnel were involved in the preparation of the performance/progress reports, but the Division said that the report reviews were verbal discussions that were not documented.

Effect: FFATA reports are required to be submitted to the FFATA Subaward Reporting System (FSRS), which makes the information available to the public in a searchable database. Late reporting, or non-reporting, affects the integrity of that information. Our testing of the performance reports did not identify any errors; however, federal regulations require grant recipients to maintain and document internal controls to ensure the grants are being effectively managed, and the lack of controls increases the risk of errors or misreporting occurring and going undetected and uncorrected.

Recommendation: We recommend that the Division design and implement internal control procedures to ensure reports are submitted accurately and timely and in compliance with federal grant reporting requirements. We further recommend that the Division design and implement procedures to ensure that documentation is maintained to support the implementation of the control procedures.

Management's View: *The Division agrees with this finding.*

The Division will update their FFATA procedure to include a verification process and proper documentation to ensure FFATA reporting is on time and accurate in accordance to federal grant reporting requirements. To eliminate the internal review documentation deficiencies identified, one Finance Specialist will be inputting the FFATA reporting, then emailing a second Financial Specialist when complete. The second Finance Specialist will review the FFATA submission for accuracy and timely submission in compliance with federal grant reporting requirements. The second Finance Specialist will send an email reply approving the FFATA report for the month if it is accurate, or notify the first Finance Specialist if there are errors that need to be corrected.

Once the month's FFATA report is approved the email correspondence will be saved for the record. The Division is also developing an operations timeline for job duties in the Finance Section Chief's area. This will notify the finance section that FFATA is due on the 15thof every month, allowing the Division to ensure all reporting will be done on time and in compliance with federal grant reporting requirements. The Division will document the joint review currently in place through email correspondence, as well as the subsequent submission of Quarterly Performance Reports to FEMA by the Finance Section Chief and the IOEM Grants Branch Chief.

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

IDAHO STATE TAX COMMISSION (Commission)

FINDING 2021-215

The Commission did not report over $52 million of expenditures for inclusion in the Schedule of Expenditures of Federal Awards under the Coronavirus Relief Fund for fiscal year 2021.

Type of Finding: Significant Deficiency, SEFA Misstatement

Assistance Listing Title: Coronavirus Relief Fund
Assistance Listing Number: 21.019
Federal Award Number: SLT0074; SLT0030
Program Year: March 1, 2020 to December 31, 2021
Federal Agency: Department of Treasury
Compliance Requirement: Code of Federal Regulations (CFR) 2 CFR 200.510(b)
Questioned Costs: None

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) published the Internal Control Integrated Framework, which provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. A component of this framework is control activities, which are the policies and procedures that help ensure the entity's objectives are met.

The U.S. Code of Federal Regulations (CFR) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200.303) states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

In addition, 2 CFR 200.510 requires the State to prepare a Schedule of Expenditures of Federal Awards (SEFA), which must include the total federal awards expended for each individual federal program. The State is directed to prepare a SEFA for the fiscal year that must include the total federal awards expended during that year.

State agencies are required to report federal expenditures incurred for each federal program during the State fiscal year to the Office of the State Controller (SCO) through the SEFA closing package. The SCO provides instructions on the completion of the closing package.

Condition: The Commission expended $52,766,893 in Coronavirus Relief Funds (CRF) in fiscal year 2021. However, the Commission's originally submitted SEFA reported expenditures of only $145,115, an understatement of $52,621,779. The error was identified through our audit procedures, and after the understatement was communicated to the Commission, a corrected SEFA was submitted to the SCO.

Cause: The SEFA closing package submitted by the Commission and the related attachments were prepared, submitted, reviewed, and approved by the same person. There was no review process in place when the SEFA was due to the SCO. Errors are also a result of the Commission's lack of experience with federal funds, as well as significant turnover within the accounting department in recent years.

Effect: A poorly designed submission process without appropriate internal controls including a complete lack of review of the completed SEFA closing package allowed errors to occur and go undetected and uncorrected. The Commission's SEFA was understated by $52,621,779. There were also other errors that were less than a trivial amount on the SEFA.

Recommendation: We recommend that the Commission design and implement internal control procedures to identify and gather needed information to ensure the accuracy and completeness of the federal funds reported on their SEFA closing package.

Management's View: *The Commission agrees with this finding.*

Errors were the result of the Commission's lack of experience with federal funds, as well as significant turnover within the accounting department including the Financial Executive Officer (FEO) position tasked with reviewing and submitting the closing packages.

The balance of the federal funds was reverted in April 2021. In November 2021, the Commission worked closely with the State Controller's Office (SCO) and submitted a corrected closing package which included the $52 million of expenditures. Since November 2021, the new accounting staff have completed closing package training provided by SCO. In addition, vacant positions have been filled which creates a multiple level system for the review process. Although the Commission is not currently participating in the distribution of federal funds, adjustments have been made to ensure accuracy and completeness of closing packages should opportunities arise in the future.

Auditor's Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

FINDING 2021-216

Critical reviews and reconciliations were not completed for Rebound Idaho payments made from the Coronavirus Relief Fund for 9 out of the 12 months during fiscal year 2021.

Type of Finding: Significant Deficiency

Assistance Listing Title: Coronavirus Relief Fund
Assistance Listing Number: 21.019
Federal Award Number: SLT0074; SLT0030
Program Year: March 1, 2020 to December 31, 2021
Federal Agency: Department of Treasury
Compliance Requirement: Activities Allowed or Unallowed
Questioned Costs: None

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) published the Internal Control Integrated Framework, which provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. A component of this framework is control activities, which are the policies and procedures that help ensure the entity's objectives are met. These activities include segregation of duties, review and authorization of transactions, and maintaining supporting documentation.

Condition: The Commission uses an End of Month Checklist to document the completion of month-end tasks, reconciliations, and associated reviews that are critical to ensuring these distributions and refunds are completed and recorded accurately.

During our testing of internal controls, we noted portions of the End of Month Checklist in 9 out of the 12 months, or 75 percent, were not fully completed.

The End of Month Checklist completion and review helps ensure that the Coronavirus Relief Fund that was distributed as Rebound Idaho payments are accurately accounted for in total and reconcile to the Statewide Accounting and Reporting System (STARS).

Cause: The End of Month Checklist was not fully completed in July, August, October, November, February, March, April, May, or June. The reviewer's initials on the checklist is how the agency chooses to document and verify that a control occurred and determine that a reconciliation was completed and reviewed at the end of the month. These checklists did not contain the reviewer's initials, indicating that the full set of control procedures were not followed. The Commission asserts that the End of Month Checklist was not completed due to Commission staff turnover and the transition from paper to electronic checklists.

Effect: While there were no errors noted in testing, the lack of consistency in completing the checklist increases the risk that errors would occur and go undetected and uncorrected.

Recommendation: We recommend that the Commission ensure that internal control procedures are in place and consistently applied, including when work is completed remotely, and that they improve the documentation of control activities performed to ensure that reviews are completed accurately and in a timely manner.

Management's View: *The Commission agrees with this finding.*

The Commission recently worked with LSO to build a cloud-based version of a checklist that requires footnotes from a Financial Specialist Senior and a Financial Specialist Principal. In addition, the checklist includes electronic dates and time stamps as a reference for LSO. The Commission has also adopted the LUMA models for risk mitigation through additional separation of duties. For example, staff can enter and create journal entries, but a secondary member must review and post the entries. This process has allowed the Commission to review work in progress and resulted in increased efficiencies during the month-end distribution process. These processes are the direct result of the collaborative working relationship between LSO and the Commission.

Auditor's Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

IDAHO TRANSPORTATION DEPARTMENT (Department)

FINDING 2021-217

The salaries and benefits costs for employees working on multiple federal grants are not supported by personnel activity reports or another approved system.

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Formula Grants for Rural Areas
Assistance Listing Number: 20.509
Federal Award Number: ID-2016-014-00; ID-2018-021-00
Program Year: August 29, 2016 to February 1, 2021; September 14, 2018 to March 3, 2023
Federal Agency: Department of Transportation
Compliance Requirement: Allowable Costs/Cost Principles
Questioned Costs: None

Criteria: The U.S. Code of Federal Regulations contains the principles to be applied in establishing the allowability of certain items of cost for federal awards. The U.S. Code of Federal Regulations (CFR), 2 CFR 200.430, contains the requirements for the compensation of personal services. Subsection (a) states that compensation for personal services includes all remuneration, paid currently or accrued for services of employees rendered during the period of performance under the federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits.

Subsection (i) contains the standards for documentation of personnel expenses and states that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control, which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the nonfederal entity;
- Reasonably reflect the total activity for which the employee is compensated by the nonfederal entity, not exceeding 100 percent of compensated activity;
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on: more than one federal award, a federal award and a nonfederal award, an indirect cost activity and a direct cost activity, two or more indirect activities, which are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity;

Budget estimates, determined before the services are performed, alone do not qualify as support for charges to federal awards.

Condition: The Department's Public Transportation Office (PT) administers grants from the Federal Transit Administration (FTA). Six PT employees split their time between two grants; Assistance Listing Number (AL) 20.509 – Formula Grants for Other than Urbanized Areas and AL 20.513 – Capital Assistance Program for Elderly and Disabled Persons. The Department charges personnel costs to these two FTA grants by coding the salary and benefits costs for five employees to AL 20.509, and the salary and benefits costs of the one remaining PT employee to AL 20.513. The Department's method for allocating personnel costs was not updated during fiscal year 2021 or supported by employee records. This method is a budget estimate, and the Department does not have a procedure to support the allocation of personnel charges to the FTA grants in accordance with 2 CFR 200.430.

Cause: The Department used the budgeted costs to estimate and ultimately apply 5/6th of personnel costs from the PT employees, or 5 employees, to the AL 20.509 grant and 1/6th of the cost, or 1 employee, to the AL 20.513 grant. Using budgeted estimates is not an allowed technique for allocating personnel costs to various grants. The Department was unable to provide supporting documentation that using these percentages to allocate costs was accurate, and was unaware of the requirements of 2 CFR 200.430 to support the distribution of the employees' salaries and wages.

Effect: The Department charged personnel costs of $306,256 to the AL 20.509 grant and $65,892 to the 20.513 grant and could not provide records to support the distribution of those costs. Without records to support the distribution of those costs, the Department is not in compliance with 2 CFR 200.430, and we cannot determine if the correct amount was charged to each grant.

Recommendation: We recommend that the Department design and implement procedures to ensure that personnel costs are charged to PTA grants in compliance with 2 CFR 200.430 and to maintain documentation to support those costs.

Management's View: *The Idaho Transportation Department (ITD) concurs with the audit finding and recommendation. ITD is developing a new standard operating procedure (SOP) for the employees of the Public Transportation Office to ensure proper recording of their time to the associated federal grant program. The purpose of this plan is to ensure consistency year over year in allocating costs, avoid duplication of costs, and to ensure a more accurate accounting of time spent on each grant program. This SOP will be developed in collaboration with FTA oversight staff to ensure 2CFR200 compliance. The SOP will include an annual reevaluation of tasks and associated time spent to ensure accurate allocation of hours. The evaluation will include an examination of all activities associated with the management of our grants programs, and sub-allocate percentage of time spent based on several factors including but not limited to; number of providers in each program, average number of invoices received, invoice complexity, technical assistance ratings, number of applications, attendee representation, etc.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. The suggested procedures included in the corrective action plan should address the concern, if properly implemented.

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

MANAGEMENT'S BASIC FINANCIAL STATEMENTS FINDINGS
CORRECTIVE ACTION PLAN

STATE OF IDAHO
CONTROLLER'S OFFICE
BRANDON D WOOLF

Corrective Action Plan
For the Fiscal Year Ended June 30, 2021

__Office of the State Controller__

Finding Number 2021-101: The Office's internal review process did not prevent or detect misstatements in the statewide ACFR submitted to the auditors.

Related to Prior Finding: N/A

Agency's View: The Office agrees with this finding. Most errors were corrected prior to issuance of the financial statements.

Corrective Action: The Office will continue to evaluate and make improvements to the internal review procedures along with improved analysis of the trends from one year to another. We will be using new functionality in our ACFR compilation system for the review process with reminders and tasks set to ensure there is enough time for a thorough review. We are also in the process of developing a risk based internal review checklist to help identify and correct potential errors in reporting.

Anticipated Corrective Action Date: The Office will complete the corrective actions for FY22 reporting.

Responsible for Corrective Action:

Ethan Draves
Reporting and Review Bureau Chief
Phone: (208) 334-3100
email: edraves@sco.idaho.gov
700 W. State St., Fl. 5
Boise, ID 83720

Finding Number 2021-102: The Office's internal review procedures did not prevent or detect the understatement of Medicaid Payable on the Governmental Fund statements.

Related to Prior Finding: N/A

Agency's View: The Office agrees with this finding. Errors were corrected prior to issuance of the financial statements.

Corrective Action: We have modified our task instructions for processing the Medicaid payables entry to ensure it is complete and accurate. As mentioned in the response to finding #2021-101, we are also working to improve our internal review analytical procedures to ensure any significant fluctuations from year to year are identified and investigated to ensure accuracy.

Anticipated Corrective Action Date: The Office will complete the corrective actions for FY22 reporting.

Responsible for Corrective Action: Ethan Draves
Reporting and Review Bureau Chief
Phone: (208) 334-3100
email: edraves@sco.idaho.gov
700 W. State St., Fl. 5
Boise, ID 83720

Finding Number 2021-103: The Office did not have control procedures implemented to ensure appropriate grouping of accounts on the Intergovernmental Revenue Sharing expenditure line on the Governmental Fund statements, resulting in misstatements to the initial financial statements submitted for audit.

Related to Prior Finding: N/A

Agency's View: The Office agrees with this finding. Errors were corrected prior to issuance of the financial statements.

Corrective Action: The Office will be including an additional query of the specific subobjects that should be reported as intergovernmental revenue sharing to ensure new accounts are grouped properly.

Anticipated Corrective Action Date: The Office will complete the corrective actions for FY22 reporting.

Responsible for Corrective Action: Ethan Draves
Reporting and Review Bureau Chief
Phone: (208) 334-3100
email: edraves@sco.idaho.gov
700 W. State St., Fl. 5
Boise, ID 83720

Finding Number 2021-104: The Office did not have control procedures implemented to ensure the calculation of the IDLE allocation was based on the appropriate grouping of funds.

Related to Prior Finding: N/A

Agency's View: The Office agrees with this finding.

Corrective Action: Task instructions have been updated to explain the grouping of the funds and if there are new funds, to ensure they are grouped correctly. As mentioned in our response to finding #2021-101, we are working on a risk based internal review checklist.

Anticipated Corrective Action Date: The Office will complete the corrective actions for FY22 reporting.

Responsible for Corrective Action:

Ethan Draves
Reporting and Review Bureau Chief
Phone: (208) 334-3100
email: edraves@sco.idaho.gov
700 W. State St., Fl. 5
Boise, ID 83720

<u>**Idaho State Tax Commission**</u>

Finding Number 2021-105: Critical reviews and reconciliations were not completed for sales tax distributions, fuel tax distributions, Rebound Idaho distributions, and total monthly refunds for 9 out of 12 months during fiscal year 2021. Additionally, the Total Monthly Refunds (Allotment Ledger) contained unreconciled amounts in the months of March through June 2021.

Related to Prior Finding: 2020-104, 2019-104

Agency's View: The Commission agrees with this finding.

Corrective Action: A cloud-based version of the daily checklist was created in November 2020. In December, an additional layer of review was added to the month-end distribution process to mimic the LUMA environment requirements. Separate users will enter, review and post, month-end distributions. Electronic notes are required to be added to the checklist by each user and include date/time stamps for LSO quick reference.

Anticipated Corrective Action Date: A Cloud-based version of daily checklist with date/time stamps has been in place since FY21. In January of 2022, LSO reviewed the checklist and approved the necessary changes.

Responsible for Corrective Action:

Lisa Kopke
Financial Executive Officer
Email: lisa.kopke@tax.idaho.gov

Phone: (208) 334-7507
11321 W Chinden
Boise, ID 83714

Finding Number 2021-106: The Commission submitted an Accounts Receivable closing package that lacked supporting documentation and contained errors resulting in an overstatement of $16,500,000.

Related to Prior Finding: N/A

Agency's View: The Commission agrees with this finding.

Corrective Action: LSO has recommended the Commission design and implement control procedures to ensure accounts receivable amounts are reasonable and substantiated with adequate supporting documentation. As of January, 2022, we are working with our vendor FAST to develop a reporting method for calculating receivables. We've reached out to other state agencies for guidance as well.

Anticipated Corrective Action Date: The Commission will complete the corrective actions by June 30, 2022.

Responsible for Corrective Action: Lisa Kopke
Financial Executive Officer
Email: lisa.kopke@tax.idaho.gov
Phone: (208) 334-7507
11321 W Chinden
Boise, ID 83714

State Treasurer's Office

Finding Number 2021-107: The Millennium Permanent Endowment Fund (MPEF) investment decisions are not being made with the involvement of, and recommendations from, the State Treasurer Investment Advisory Board, as required by Idaho Code.

Related to Prior Finding: N/A

Agency's View: While the State Treasurer's Office (STO) is in general agreement with the finding, we would like to add some high-level context to various statements in the finding. In addition, STO will address the Recommendation put forth by your office and corresponding action plan to rectify the Internal Control deficiency finding in this response.

As the STO reviewed the finding and interpretation of the role of the Treasurer's Investment Advisory Board (TIAB), we do recognize the purview of the of the TIAB and their various duties as defined in Idaho Code 67-1203B to apply to the MPEF in addition to the investment pools managed by our office. The term "and other monies", while we don't believe it was contemplated to include the MPEF, would capture those assets as well. The STO has reported to the TIAB on the MPEF, though we have not done it quarterly as we have with the other pools. We do not believe it is the charge of the TIAB to “oversee” the individual investment decisions in any of the funds managed by the STO, but to advise on policies and procedures and asset allocation decisions.

The decision to change how the fund was invested in “real assets” by re-allocating into a private real estate investment was put before the TIAB by way of presentation from Callan Associates and the investment team. This meeting did not fall within the 2021 Fiscal Year and was thus not included in the minutes provided. In addition, the investment team reviews the MPEF portfolio allocation and performance report with Callan Associates on a quarterly basis. The dates of these calls for the 2021 fiscal year were not provided in the documentation relating to the audit.
We acknowledge being out of the tactical range for fixed income in the periods you noted due to the pending private real estate capital calls.

Corrective Action: The STO will include a high-level review of the MPEF at each quarterly meeting and review the MPEF investment policy with the TIAB on an annual basis, including having the Treasurer sign off on all policies at least annually. In addition, we will strive to have our investment consultant present to the TIAB at least annually on the MPEF.

Should the investment consultant or the investment team feel there is a reason to temporarily be out of the tactical ranges as described in the internal investment policy, the investment team will report the rationale to the TIAB and document any out of compliance with the internal investment policy and estimated timing to be back in compliance.

The investment team will document all internal team meetings regarding the MPEF, as well as reviews with our investment consultant and will provide this information to the Treasurer in writing.

The STO feels the addition of these consistent actions will adequately address the internal control finding.

Anticipated Corrective Action Date: The STO agrees with the recommendation put forth and will execute the following, beginning February 1st, 2022.

Responsible for Corrective Action:

Laura Steffler
Chief Deputy Treasurer
Phone: (208) 332-2999
Email: laura.steffler@sto.idaho.gov
P.O. Box 83720
Boise, ID 83720-0091

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

MANAGEMENT'S FEDERAL FINDINGS
CORRECTIVE ACTION PLAN

STATE OF IDAHO
CONTROLLER'S OFFICE
BRANDON D WOOLF

Corrective Action Plan - Single Audit
For the fiscal year ended June 30, 2021

Office of the State Controller

Finding Number 2021-201: The Schedule of Federal Expenditures of Federal Awards (SEFA) was understated by $276,989,930 for amounts reported as provided to subrecipients.

Federal Programs: 21.019 - Coronavirus Relief Fund, 21.023 - Emergency Rental Assistance Program, 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Related to Prior Finding: N/A

Agency's view: The Office agrees with this finding.

Corrective Action: Errors identified were corrected before publishing of the Single Audit.

We are in the process of developing an internal review checklist for SEFA compliance. The checklist will outline compliance requirements associated with the preparation of the SEFA (i.e., subrecipient reporting), identify areas that are a higher risk for error, and what to look out for when reviewing higher risk areas. This checklist will be completed by the preparer of the SEFA, as well as by the reviewer(s) to ensure the SEFA is accurate and in compliance with Uniform Guidance requirements.

Anticipated Corrective Action Date: The checklist will be completed by June 30th and will be used for FY22 reporting.

Responsible for Corrective Action: Ethan Draves, Reporting and Review Bureau Chief
Edraves@sco.idaho.gov
208-334-3100

Idaho State Board of Education

Finding Number 2021-202: The Board underreported federal expenditures by $11,316,783 across three federal programs when completing the Schedule of Expenditures of Federal Awards (SEFA).

Federal Programs: 21.019 - Coronavirus Relief Fund, 84.425C - Governor's Emergency Education Relief Fund, 84.334S - Gaining Early Awareness and Readiness for Undergraduate Programs

Related to Prior Finding: N/A

Agency's view: The agency partially agrees with this finding. See corrective action below.

Corrective Action: The first finding stated that we did not report $11,178,679 for the Governor's Emergency Education Relief Fund and $121,454 for the Coronavirus Relief Fund. We reported these funds in two out of three places in the Schedule of Expenditures of Federal Awards (SEFA) worksheet submitted to the State Controller's Office (SCO). The first place was on the SEFA tab in column 13, and the second place was in the Subrecipients tab, which shows each subrecipient and totals by CFDA number. The information in the Subrecipients tab was listed by CFDA. While there was no subtotal by

CFDA in the Subrecipients tab, the CFDA numbers do total to the same total shown in column 13. We did not include these totals in column 18 because we assumed SCO would obtain the necessary information from the Subrecipients tab.

While we did include the necessary information for SCO to report the amount of 2021 Federal Expenditures to Subrecipients to the federal government in their statewide SEFA report, we acknowledge that we did not follow the explicit instructions of the SEFA worksheet, which would have resulted in reporting the amount of subrecipient expenditures in column 18. We will Include required dollar amounts in all three locations in the worksheet.

Anticipated Corrective Action Date: The corrective action will occur in the SEFA for FY 2022.

Responsible for Corrective Action: Gideon Tolman, Chief Financial Officer
Gideon.Tolman@OSBE.idaho.gov
208-332-1563

Finding Number 2021-203: Internal controls over the review of Federal Funding Accountability and Transparency Act (FFATA) reports under the Governor's Emergency Education Relief (GEER) Fund are not sufficiently documented.

Federal Programs: 84.425C - Governor's Emergency Education Relief Fund

Related to Prior Finding: N/A

Agency's view: We agree that internal controls were not sufficiently documented. While we corroborated that the FFATA report was reviewed and approved by management, it was not properly documented.

Corrective Action: We are drafting policies and procedures for federal grants including the review and approval of all federal reports.

Anticipated Corrective Action Date: The corrective action will be completed on or before June 30, 2022.

Responsible for Corrective Action: Gideon Tolman, Chief Financial Officer
Gideon.Tolman@OSBE.idaho.gov
208-332-1563

<u>Idaho State Department of Education</u>

Finding Number 2022-204: The Department did not complete subrecipient monitoring of the Elementary and Secondary School Emergency Relief (ESSER) Fund.

Federal Programs: 84.425D - Elementary and Secondary School Emergency Relief Fund

Related to Prior Finding: N/A

Agency's view: The Department agrees with this finding.

Corrective Action: The impact of the COVID-19 pandemic has significantly disrupted K-12 operations since spring 2020. Idaho was short on resources from the beginning, as we were all caught off guard with the immediate and on-going challenges related to COVID-19, the laws that followed the President's emergency declaration, and the influx of funds to keep students and staff healthy and in school. After the initial closure in spring of 2020, all of Idaho's schools have remained open except for temporary closures resulting from a surge in cases.

The resource constraints we experienced from the outset of the pandemic became clearer after each ESSER allocation was made through the CARES Act, the CRRSA Act, and the ARP ESSER. All states were experiencing similar challenges, but most states had immediate access to administrative dollars to begin addressing requirements earlier.

It wasn't until the end of the 2022 legislative session, that the Superintendent was given approval and spending authority to use ARP ESSER administrative funds to hire additional staff to meet the robust requirements identified by the U.S. Department of Education. Since then, interviews have been conducted and two positions hired beginning in April. One of those positions is an ESSER Monitoring coordinator position. Staff are working with the Education Northwest Comprehensive Center #17 (technical assistance arm of the U.S. Department of Education) on an ESSER monitoring process and timeline. ESSER monitoring will consist of a fiscal section similar to ESEA and a program section that tracks baseline measures and outcome data three times a year on interventions to address the academic impact of lost instructional time and interventions to address social, emotional, and mental health needs of students. Data from the program tracking will be collected annually. A comprehensive desk review will be conducted at least once for each LEA with a self-assessment required in the off years. Monitoring the ARP Homeless Children & Youth (HCY) will also be incorporated into the ESSER monitoring process. ESSER monitoring will begin this spring prior to the 2021-2022 school year ending and continue through spring of 2025 as required by the U.S. Department of Education.

Anticipated Corrective Action Date: The Department expects to have a fully vetted plan in place within 90 days of hiring the ESSER monitoring position, who will report directly to Karen Seay, Director of Federal Programs.

Responsible for Corrective Action: Louie D. Konkol, Chief Financial Officer
LDKonkol@sde.idaho.gov
208-332-6874

Idaho Office of the Governor

Finding Number 2021-205: Quarterly Financial Progress Reports for the Coronavirus Relief Fund (CRF) contained inaccuracies.

Federal Programs: 21.019 - Coronavirus Relief Fund

Related to Prior Finding: N/A

Agency's view: The Office agrees with the finding.

Corrective Action: The corrective action plan includes making appropriate adjustments in the Finance Progress Report for the quarter ending March 31, 2022, to remove and add incorrectly included and excluded amounts. This will correct the cumulative total amount of expenditures reported for fiscal year 2021. Our office will coordinate more closely with DFM to ensure all applicable expenses are accurately reported on future progress reports.

Anticipated Corrective Action Date: Anticipated completion date is April 11, 2022

Responsible for Corrective Action: John Iasonides, Administration Division Administrator - SCO
Jiasonides@sco.idaho.gov
208-334-3100

<u>Idaho Department of Health and Welfare</u>

Finding Number 2021-206: The original Schedule of Expenditures of Federal Awards submitted to the Office of the State Controller reported a total of $104.9 million to an incorrect Assistance Listing number and understatements totaling $71 million of pass-through amounts to subrecipients.

Federal Programs: 21.019 - Coronavirus Relief Fund, 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Related to Prior Finding: N/A

Agency's view: The Department agrees with the finding.

Corrective Action: The Department has acknowledged the risk around this area and had already planned to implement a new process where the SEFA closing package would be prepared by the Cash and Grants Supervisor and reviewed in detail by the Financial Manager – Cash, Grants, and Revenue Operations. The Financial Executive Officer would still be responsible for final review and submission of the closing package. Unfortunately, as a result of staffing shortages and a significantly increased workload related to COVID-19 funding and reporting requirements, the Department had to make some concessions based on risks in many aspects of the business – one such concession was to not implement the more detailed review process for SFY21 SEFA preparation and rely on the previously implemented controls.

Anticipated Corrective Action Date: The Department intends to move forward with the implementation of the previously planned enhanced review procedures in the coming year.

Responsible for Corrective Action: Ryan Smith, Bureau Chief, Compliance
Ryan.Smith@dhw.idaho.gov
208-334-5814

Finding Number 2021-207: The Department did not complete periodic audits for the Managed Care Organizations in the Medicaid program to ensure accuracy, truthfulness, and completeness of the encounter and financial data submitted.

Federal Programs: 93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII), 93.778 - Medicare Medical Assistance Program (Medicaid; Title XIX)

Related to Prior Finding: N/A

Agency's view: The Department agrees with this finding.

Corrective Action: The Division of Medicaid is currently conducting the reviews of encounter data and financial information for the IBHP, Idaho Duals and MCNA Dental. The IBHP review will be completed by June 30, 2022. Idaho Duals and MCNA Dental are to follow during the 2023 state fiscal year. The Division of Medicaid requested ongoing funding to perform these reviews for applicable managed care plans during the 2022 budget cycle. This budget was approved and the appropriation was utilized during SFY2022.

Anticipated Corrective Action Date: The IBHP review will be completed by June 30, 2022.

Responsible for Corrective Action: Ryan Smith, Bureau Chief, Compliance
Ryan.Smith@dhw.idaho.gov
208-334-5814

Finding Number 2021-208: The Department utilized the incorrect National Correct Coding Initiative (NCCI) edit files in processing Medicaid payments that could result in improper payments because of outdated payment rates for procedures, changes in procedures allowed by Medicaid, and other changes to edit files.

Federal Programs: 93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII), 93.778 - Medicare Medical Assistance Program (Medicaid; Title XIX)

Related to Prior Finding: See 2020-210 below

Agency's view: The Department partially agrees with this finding and recommendation.

Corrective Action: The state downloaded the RISSNET NCCI edit files and delivered to Gainwell Technologies for claims processing on November 18, 2021. Gainwell Technologies determined they can load the files directly and no longer need to involve their sub vendor, Context4. As of December 2021, the state setup a quarterly schedule with Gainwell Technologies to deliver the RISSNET NCCI edit files.

The State is downloading the correct NCCI file from RISSNET and delivering it to the vendor, Gainwell Technologies, each quarter and it has been incorporated into claims processing. LSO has recommended review of payments processed under the incorrect NCCI edit files during fiscal years 2020 and 2021 to identify any incorrect payments. Upon further analysis, it has been determined that it is not feasible to conduct such a review. Medicaid NCCI files from those timeframes are not available from RISSNET to download and use. Medicaid is unable to obtain the information necessary to conduct such an analysis. Medicaid is conducting analysis of the current RISSNET NCCI file against the publicly available NCCI file to determine any differences between the two files. That analysis is in progress with an expected completion date of April 30, 2022. Once the analysis is complete, Medicaid will have a better idea if there are major differences between the two files that could potentially need to be addressed in the past.

However, Medicaid does not have access to the historical files for a direct comparison. There are two main barriers to applying the RISSNET NCCI edits to SFY20 and SFY21 claims as recommended by LSO: the files for those timeframes are not available to Medicaid to use, and it would be not practical to reprocess every claim from SFY20 through the current date. This would impose an administrative and communication burden on both the State and the Medicaid provider community.

Anticipated Corrective Action Date: April 30, 2022

Responsible for Corrective Action: Ryan Smith, Bureau Chief, Compliance
Ryan.Smith@dhw.idaho.gov
208-334-5814

Finding Number 2021-209: Confidentiality agreements in place with Medicaid contractors did not include all required elements to ensure compliance with the Medicaid program.

Federal Programs: 93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII), 93.778 - Medicare Medical Assistance Program (Medicaid; Title XIX)

Related to Prior Finding: See 2020-211 below

Agency's view: The Department agrees with this finding.

Corrective Action: Vendor confidentiality agreement was executed with Gainwell Technologies on November 12, 2021. This agreement met all the required elements. As a result of the change of the State providing the NCCI edit file instead of Context 4, Context 4 no longer has a role in Medicaid NCCI editing and is not considered a party to the agreement. The State will continue to provide the NCCI edit file to Gainwell Technologies, and both parties will abide by the stipulations outlined in the executed confidentiality agreement.

In addition, the Bureau of Medicaid Enterprise Systems has incorporated contract monitoring activities to include monitoring for required changes to confidentiality agreements and making any necessary changes to existing agreements. Contract monitors will review any changes in accordance with the terms and conditions of the contract. Any procurement activities to secure new vendors will be subject to confidentiality agreements in accordance with the necessity of the work being performed and the terms and conditions of the contract.

Anticipated Corrective Action Date: Vendor confidentiality agreement was executed with Gainwell Technologies on November 12, 2021

Responsible for Corrective Action: Ryan Smith, Bureau Chief, Compliance
Ryan.Smith@dhw.idaho.gov
208-334-5814

Finding Number 2021-210: The Department did not maintain consistent operation of controls and compliance with Electronic Benefit Transfer (EBT) card security procedures for the Supplemental Nutrition Assistance Program (SNAP).

Federal Programs: 10.551 - Supplemental Nutrition Assistance Program, 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Related to Prior Finding: N/A

Agency's view: The Department agrees with the finding.

Corrective Action: The Department performed a comprehensive review of the EBT card security procedures and determined that proper procedures were not being appropriately performed and internal controls failed to be in compliance with EBT card inventory audit requirements. The Department will perform and complete the missing inventory audits by June 30, 2022 and the EBT Supervisor has reiterated the expectations of performing these audits. The entire EBT team has been trained on the bulk card ordering and issuing process and has modified security procedures to mitigate the risk of non-compliance in the future. Beginning in April of 2022, on a quarterly basis, the EBT Supervisor will review the previous quarter's electronic card audits for accuracy, completeness and that the required documentation was submitted by each field office. The bulk card stock has been relocated to a central location, audited, and a new bulk card manifest spreadsheet is being implemented. The new spreadsheet will be complete and in use by June 30, 2022. Moving forward, the EBT card audit process will be reviewed on a regular basis and aligned with federal and state regulation.

Anticipated Corrective Action Date: The Department will perform and complete the missing inventory audits by June 30, 2022. The new spreadsheet will be complete and in use by June 30, 2022.

Responsible for Corrective Action: Ryan Smith, Bureau Chief, Compliance
Ryan.Smith@dhw.idaho.gov
208-334-5814

Finding Number 2021-211: Subrecipient monitoring procedures were not adequate to ensure compliance with federal requirements for the Supplemental Nutrition Assistance Program (SNAP).

Federal Programs: 10.551 - Supplemental Nutrition Assistance Program, 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Related to Prior Finding: N/A

Agency's view: The Department agrees with this finding.

Corrective Action: At the time the contract was initiated, the Division of Welfare was following contract guidelines for monitoring subgrants. As discussed, the subgrant in question ended on September 30, 2021. Beginning with Federal Fiscal Year 2022 (FFY2022), the Division of Welfare put into place the following monitoring strategies for the SNAP-Ed program to meet compliance for these subgrants:

- Annually, a risk assessment is conducted for all subgrantees. The risk assessment looks at factors such as results from previous management evaluations, number of unresolved findings, changes in leadership and high staff turnover to determine if the subgrantee is high risk. The risk assessment identifies subgrantees that need additional monitoring.
- Following SNAP-Ed federal program guidance, financial reviews will be conducted annually. Onsite program reviews will be conducted every three years for low-risk entities.
- Management Evaluation reports are prepared and shared with the subgrantee. Subgrantees are required to address all findings. The Division of Welfare may require performance improvement plans or corrective action plans, dependent upon the severity and frequency of findings.
- Conduct annual verification of a single audit for any subgrant receiving $750,000 in federal funding.

Currently, there are no corrective action plans in place for any SNAP-ED subgrantees.

Anticipated Corrective Action Date: Corrective action was implemented beginning with Federal Fiscal year 2022 (October 2021).

Responsible for Corrective Action: Ryan Smith, Bureau Chief, Compliance
Ryan.Smith@dhw.idaho.gov
208-334-5814

<u>Idaho Department of Labor</u>
Finding Number 2021-212: The Department does not have internal control procedures in place to ensure the accuracy of performance reports for the Unemployment Insurance (UI) grant.

Federal Programs: 17.225 - Unemployment Insurance

Related to Prior Finding: N/A

Agency's view: The Department agrees with the audit finding.

Corrective Action: The department recognizes the need to incorporate adequate internal controls over reports submitted to our federal partners for the grants we administer. In order to ensure proper internal controls over federal reporting, the department will take the following steps:

Step 1:

- Draft a policy to which all department staff who submit federal reports will adhere. The new policy shall include:
    - A requirement for all staff who produce federal reports to draft a procedure for each report or groups of reports for which they are responsible. Although each report/group of reports has unique reporting requirements, the procedure shall, at a minimum, be in writing, require secondary review and sign-off prior to submission, and be routinely monitored by cost center managers as appropriate for the report/group of reports.
    - A sign-off requirement of all report procedures by division administrators to ensure that the process incorporates adequate internal controls to mitigate risk of misreporting to an acceptable level.

Step 2:

- Solicit feedback on the new policy from Cost Center managers, report producers, and administrators.

Step 3

- Implement the new policy department-wide.

Anticipated Corrective Action Date: The steps will be addressed as follows: Step 1, April 8, 2022; Step 2, April 30, 2022; Step 3, July 1, 2022.

Responsible for Corrective Action: Carolyn Casebolt, Financial Reporting and UI Accounting
Carolyn.casebolt@labor.idaho.gov.
(208) 332-3570 (ext 3487).

Idaho Military Division

Finding Number 2021-213: The Division did not perform subrecipient risk assessments, ensure subrecipient audits were received, or fully disclose required information to subrecipients for the Presidentially Declared Disaster Grant.

Federal Programs: 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Related to Prior Finding: N/A

Agency's view: The Division agrees with this finding.

Corrective Action: The Idaho Office of Emergency Management will ensure all required information will be included in the Obligation Letters outlining the awards to Applicants. A revised Obligation Letter template containing all the required elements will serve as the basis for all Applicant obligation notifications.

In addition to its current review of Applicant status on www.sam.gov prior to funding projects, IOEM Recovery Staff will perform a risk assessment based on the existing tool for Non-Disaster grants at the time of receipt of a Request for Public Assistance, to include a review of single audits conducted during the prior year. The updated Request for Advance/Reimbursement (RFAR) will provide a "Yes/No" selection to indicate if a minimum of $750,000 in federal funds (all sources) was expended during the Applicant's fiscal year, and indicate the requirement for a single-audit to be provided and reviewed to IOEM Recovery if the response is in the affirmative. IOEM Recovery staff will calendar an appointment for follow-up to ensure compliance.

Additionally, The IOEM Grants Management Branch Chief will review audit reports provided by the subrecipient or accessed through the Idaho State Controller's Office (SCO) Transparent Idaho website and assign a Finance or Recovery Specialist to identify subrecipients that are missing reports or have findings. The assigned Finance or Recovery Assistant will then correspond with the subrecipients to obtain missing audits or to ascertain audit finding resolutions. The IOEM Grants Management Branch Chief will also review audits not previously submitted to SCO from private non-profit entities and tribes, and address deficiencies and concerns in the manner described above. Unaddressed audit findings may result special conditions for grant awards or funding holds, depending on the severity of the findings.

Anticipated Corrective Action Date: May 13, 2022

Responsible for Corrective Action: Jarod Dick, Recovery Coordinator
jdick@imd.idaho.gov

Matt McCarter, Grants Branch Chief
mmccarter@imd.idaho.gov

Finding Number 2021-214: The Division did not properly submit two reports required under the Federal Funding Accountability and Transparency Act, and was lacking internal controls related to performance progress reports for the Presidentially Declared Disaster Grant.

Federal Programs: 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Related to Prior Finding: N/A

Agency's view: The Division agrees with this finding.

Corrective Action: The Division will update their FFATA procedure to include a verification process and proper documentation to ensure FFATA reporting is on time and accurate in accordance to federal grant reporting requirements. To eliminate the internal review documentation deficiencies identified, one Finance Specialist will be inputting the FFATA reporting, then emailing a second Financial Specialist when complete. The second Finance Specialist will review the FFATA submission for accuracy and timely submission in compliance with federal grant reporting requirements. The second Finance Specialist will send an email reply approving the FFATA report for the month if it is accurate, or notify the first Finance Specialist if there are errors that need to be corrected.

Once the month's FFATA report is approved the email correspondence will be saved for the record. The Division is also developing an operations timeline for job duties in the Finance Section Chief's area. This will notify the finance section that FFATA is due on the 15th of every month, allowing the Division to ensure all reporting will be done on time and in compliance with federal grant reporting requirements.

The Division will document the joint review currently in place through email correspondence, as well as the subsequent submission of Quarterly Performance Reports to FEMA by the Finance Section Chief and the IOEM Grants Branch Chief.

Anticipated Corrective Action Date: May 13, 2022

Responsible for Corrective Action: Angela Toomey, Finance Section Chief
atoomey@imd.idaho.gov

Matt McCarter, Grants Branch Chief
mmccarter@imd.idaho.gov

Idaho State Tax Commission

Finding Number 2021-215: The Commission did not report over $52 million of expenditures for inclusion in the Schedule of Expenditures of Federal Awards under the Coronavirus Relief Fund for fiscal year 2021.

Federal Programs: 21.019 - Coronavirus Relief Fund

Related to Prior Finding: N/A

Agency's view: The Commission agrees with this finding.

Corrective Action: Errors were the result of the Commission's lack of experience with federal funds, as well as significant turnover within the accounting department including the Financial Executive Officer (FEO) position tasked with reviewing and submitting the closing packages.

The balance of the federal funds was reverted in April 2021. In November 2021, the Commission worked closely with the State Controller's Office (SCO) and submitted a corrected closing package which included the $52 million of expenditures. Since November 2021, the new accounting staff have completed closing package training provided by SCO. In addition, vacant positions have been filled which creates a multiple level system for the review process. Although the Commission is not currently participating in the distribution of federal funds, adjustments have been made to ensure accuracy and completeness of closing packages should opportunities arise in the future.

Anticipated Corrective Action Date: November 2021

Responsible for Corrective Action: Lisa Kopke, Financial Executive Officer
lisa.kopke@tax.idaho.gov
(208) 334-7507

Finding Number 2021-216: Critical reviews and reconciliations were not completed for Rebound Idaho payments made from the Coronavirus Relief Fund for 9 out of the 12 months during fiscal year 2021.

Federal Programs: 21.019 - Coronavirus Relief Fund

Related to Prior Finding: N/A

Agency's view: The Commission agrees with this finding.

Corrective Action: The Commission recently worked with LSO to build a cloud-based version of a checklist that requires footnotes from a Financial Specialist Senior and a Financial Specialist Principal. In addition, the checklist includes electronic dates and time stamps as a reference for LSO. The Commission has also adopted the LUMA models for risk mitigation through additional separation of duties. For example, staff can enter and create journal entries, but a secondary member must review and post the entries. This process has allowed the Commission to review work in progress and resulted in increased efficiencies during the month-end distribution process. These processes are the direct result of the collaborative working relationship between LSO and the Commission.

Anticipated Corrective Action Date: January 2022

Responsible for Corrective Action: Lisa Kopke, Financial Executive Officer
lisa.kopke@tax.idaho.gov
(208) 334-7507

<u>Idaho Transportation Department</u>

Finding Number 2021-217: The salaries and benefits costs for employees working on multiple federal grants are not supported by personnel activity reports or another approved system.

Federal Programs: 20.509 - Formula Grants for Rural Areas, 20.513 - Enhanced Mobility of Seniors and Individuals with Disabilities

Related to Prior Finding: N/A

Agency's view: The Idaho Transportation Department concurs with the audit finding and recommendation.

Corrective Action: ITD is developing a new standard operating procedure (SOP) for the employees of the Public Transportation Office to ensure proper recording of their time to the associated federal grant program. The purpose of this plan is to ensure consistency year over year in allocating costs, avoid duplication of costs, and to ensure a more accurate accounting of time spent on each grant program. This SOP will be developed in collaboration with FTA oversight staff to ensure 2CFR200 compliance. The SOP will include an annual reevaluation of tasks and associated time spent to ensure accurate allocation of hours. The evaluation will include an examination of all activities associated with the management of our grant programs, and sub-allocate percentage of time spent based on several factors including but not limited to; number of providers in each program, average number of invoices received, invoice complexity, technical assistance ratings, number of applications, attendee representation, etc.

Anticipated Corrective Action Date: The new process will be implemented immediately upon completion, and FTA guidance on 2CFR200 compliance.

Responsible for Corrective Action: Ron Duran, Public Transportation Program Manager
Ron.duran@itd.idaho.gov
208-334-4475

STATE OF IDAHO
SINGLE AUDIT REPORT
<u>FOR THE FISCAL YEAR ENDED JUNE 30, 2021</u>

SCHEDULE OF BASIC FINANCIAL STATEMENTS PRIOR FINDINGS

STATE OF IDAHO
SCHEDULE OF BASIC FINANCIAL STATEMENTS PRIOR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

STATE AGENCY		PAGE
IDAHO DEPARTMENT OF ADMINISTRATION		
2020-101	Benefits payments subsequent to the actuarial measurement date for Post-Employment Benefits Other than Pensions (OPEB) were overstated by $7,357,468.	85
OFFICE OF THE STATE CONTROLLER		
2020-102	The Office's internal review process did not prevent or detect misstatements in the statewide ACFR.	85
IDAHO DEPARTMENT OF LABOR		
2020-103	The Department understated the amount received from the Federal Government through the Unemployment Insurance program by $89,060,000.	85
IDAHO STATE TAX COMMISSION		
2019-104	Evidence of review for sales tax distributions and reversal reconciliations was not maintained.	86
2020-104	Internal control procedures were not consistently followed while employees worked remotely during the pandemic resulting in a lack of critical reviews for sales tax distributions, fuel tax distributions, Rebound Idaho distributions, reversals, and total monthly refunds that occurred in February, March, April, and May.	85

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS

STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

STATE AGENCY		FEDERAL AGENCY	PAGE
IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED			
2020-201	Federal expenditures reported by the Commission to the Office of the State Controller (SCO) were understated by $1.4 million.	Department of Education Department of Health and Human Services	87
2020-202	The Commission does not have controls in place to ensure that the Case Service Report (RSA-911) for the Vocational Rehabilitation Grants to States is submitted with accurate data.	Department of Education	87
IDAHO DIVISION OF CAREER TECHNICAL EDUCATION			
2020-203	The Division does not perform subrecipient risk assessments or monitor subrecipient activities as required for the Career and Technical Education (Perkins V) grant.	Department of Education	89
2020-204	The Division did not meet the minimum maintenance of effort requirements for the Career and Technical Education (Perkins V) grant.	Department of Education	89
2020-205	Internal controls over the review of match requirements for the Career and Technical Education (Perkins V) grant are not sufficiently documented.	Department of Education	90
OFFICE OF THE STATE CONTROLLER			
2020-206	The Office's internal review process did not identify errors in the Schedule of Expenditures of Federal Awards (SEFA).	Department of Treasury	91
IDAHO DEPARTMENT OF FISH AND GAME			
2020-207	Five of the twenty-two capital assets purchased or constructed with Bonneville Power Administration and Lower Snake River Compensation Plan grant funds were not recorded in the State of Idaho Fixed Asset System (FAS), which is not in compliance with State and federal equipment and real property management requirements.	Department of Interior Department of Energy	91
IDAHO DEPARTMENT OF HEALTH AND WELFARE			
2020-208	The Department did not provide access to program personnel to allow auditors to obtain sufficient appropriate audit evidence that control, accountability, and required safeguarding procedures are in place for vaccines received through the Immunization Cooperative Agreements Program.	Department of Health and Human Services	92
2020-209	The Department did not provide access to program personnel to allow auditors to obtain sufficient appropriate audit evidence to support an opinion on compliance with requirements related to immunization records.	Department of Health and Human Services	93

STATE AGENCY		FEDERAL AGENCY	PAGE
2020-210	The Department utilized the incorrect National Correct Coding Initiative (NCCI) edit files in processing Medicaid payments that could result in improper payments because of outdated payment rates for procedures, changes in procedures allowed by Medicaid, and other changes to the edit files.	Department of Health and Human Services	93
2020-211	Confidentiality agreements in place with Medicaid contractors did not include all required elements to ensure compliance with the Medicaid program.	Department of Health and Human Services	93
2020-212	Subrecipient monitoring procedures are not adequate to ensure compliance with federal requirements for the Crime Victim Assistance program.	Department of Justice	94
2020-213	Subrecipient eligibility is not adequately documented or reviewed for compliance with federal requirements of the Crime Victim Assistance program.	Department of Justice	94
2020-214	Special reports and performance reports required for the Crime Victim Assistance grant were submitted after the due date, and dates of original report submission were not documented.	Department of Justice	94
2019-206	Subrecipient monitoring procedures are not adequate to ensure compliance with federal requirements for the Crime Victim Assistance program.	Department of Justice	96
2019-208	Special reports and performance reports required for the Crime Victim Assistance grant were not reviewed for accuracy, contained errors, and were submitted after the due date.	Department of Justice	96
IDAHO DEPARTMENT OF LABOR			
2020-215	The Schedule of Expenditures of Federal Awards (SEFA) was understated by $98,754,522 for the Unemployment Insurance grant.	Department of Labor	95
2020-216	The Department has not implemented internal control procedures to ensure the accuracy of cases investigated by the Benefits Accuracy Measurement (BAM) program.	Department of Labor	95
IDAHO POTATO COMMISSION			
2019-211	The Commission is not performing subrecipient risk assessments, monitoring subrecipient activities, or reviewing subrecipient audits as required for the Specialty Crop Block Grant program.	Department of Agriculture	96
IDAHO DIVISION OF VOCATIONAL REHABILITATION			
2020-217	Internal controls over the review of the financial reports for the Rehabilitation Services - Vocational Rehabilitation Grants to States (CFDA 84.126) are not operating effectively.	Department of Education	95

STATE OF IDAHO
SINGLE AUDIT REPORT
<u>FOR THE FISCAL YEAR ENDED JUNE 30, 2021</u>

MANAGEMENT'S FOLLOW-UP FOR
BASIC FINANCIAL STATEMENTS PRIOR FINDINGS

STATE OF IDAHO
CONTROLLER'S OFFICE
BRANDON D WOOLF

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2021

Idaho Department of Administration

Finding Number 2020-101: Benefits payments subsequent to the actuarial measurement date for Post-Employment Benefits Other than Pensions (OPEB) were overstated by $7,357,468

Related to Prior Finding: N/A

Current Status: Corrected

Office of the State Controller

Finding Number 2020-102: The Office's internal review process did not prevent or detect misstatements in the statewide CAFR.

Related to Prior Finding: N/A

Current Status: Corrected

Idaho Department of Labor

Finding Number 2020-103: The Department understated the amount received from the Federal Government through the Unemployment Insurance program by $89,060,000.

Related to Prior Finding: N/A

Current Status: Corrected

Idaho State Tax Commission

Finding Number 2020-104: Internal control procedures were not consistently followed while employees worked remotely during the pandemic resulting in a lack of critical reviews for sales tax distributions, fuel tax distributions, Rebound Idaho distributions, reversals, and total monthly refunds that occurred in February, March, April, and May.

Related to Prior Finding: 2019-104

Current Status: Not Corrected

Planned Corrective Action: During the CAFR audit, the Legislative Services Office discovered one finding; that the hard copy end of month checklist was not utilized when staff was working remotely during the pandemic. The checklist was not utilized form February to May.

In November, the Commission established an electronic end of month checklist on Microsoft OneDrive, so all members of the accounting team can sign off as they complete their tasks. This checklist enables all staff to maintain internal controls even while in a remote environment and will be the standard going forward.

Anticipated Corrective Action Date: November 2020

Partial Corrective Action Taken: A cloud-based version of the daily checklist was created in November 2020. In December, an additional layer of review was added to the month-end distribution process to mimic the LUMA environment requirements. Separate users will enter, review and post, month-end distributions. Electronic notes are required to be added to the checklist by each user and include date/time stamps for LSO quick reference.

Reason for Recurrence: Although corrective actions were taken in November 2020, the results of the FY2021 audit found they were not sufficient to address the internal control deficiencies previously identified.

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

MANAGEMENT'S FOLLOW-UP FOR FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS

SCO
STATE OF IDAHO
CONTROLLER'S OFFICE
BRANDON D WOOLF

Summary Schedule of Prior Audit Findings - Single Audit
For the fiscal year ended June 30, 2021

Idaho Commission for the Blind and Visually Impaired

Finding Number 2020-201: Federal expenditures reported by the Commission to the Office of the State Controller (SCO) were understated by $1.4 million.

Federal Programs: 84.126 - Rehabilitation Services, Vocational Rehabilitation Grants to States,
93.369 - ACL Independent Living State Grants

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2020-202: The Commission does not have controls in place to ensure that the Case Service Report (RSA911) for the Vocational Rehabilitation Grants to States is submitted with accurate data.

Federal Program: 84.126 - Rehabilitation Services, Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Partially Corrected

Planned Corrective Action: Submission of the RSA-911 is an automated process, however, the completion of the report is done by field staff. When errors are found in the internal edit checker, the error reports are given to the Vocational Rehabilitation Assistants (VRAs), who correct the information. The case records used to complete the information contained in the RSA-911 are audited randomly by the Rehabilitation Services Chief.

The Commission plans to follow the recommendation and has therefore, implemented the following internal controls. In addition, the documentation (error reports) will be saved to demonstrate the process of the editing and correcting and re-running of the edit checker.

The RSA 911 Edit Checker open-source program developed for use by state VR agencies and is based on Policy Directive (PD) 19-03. This program is used by the Commission check our quarterly RSA 911 reports for Federal compliance.

Procedures and internal controls:

- The field staff enter the 911 data information for each case.
- The Rehabilitation Field Chief is responsible for staff training and maintaining the RSA 911 Field Services Manual.
- The Financial Technician runs the 911 edit checker and receives an error report. He then sends that report back to the VRAs for corrections (with field staff input). The Financial Technician then re-runs the report and this process will continue until there are no errors. Once there are no errors, the 911 data is submitted to RSA.
- The error reports will now be saved for documentation purposed to demonstrate this process.
- In addition to conducting random annual audits of participants record of services, the Rehabilitation Services Chief has recently developed an instrument for conducting internal audits of 911 data reporting by field staff. These random audits are performed on a quarterly basis by the RSC or designated staff member.

Anticipated Corrective Action Date: March 18, 2021

Partial Corrective Action Taken:

Procedures and internal controls:

- The field staff enter the 911 data information for each case.
- The Rehabilitation Field Chief is responsible for staff training and maintaining the RSA 911 Field Services Manual.
- The Financial Technician runs the 911 edit checker and receives an error report. He then sends that report back to the VRAs for corrections (with field staff input). The Financial Technician then re-runs the report and this process will continue until there are no errors. Once there are no errors, the 911 data is submitted to RSA.
- The error reports will now be saved for documentation purposed to demonstrate this process.
- In addition to conducting random annual audits of participants record of services, the Rehabilitation Services Chief has recently developed an instrument for conducting internal audits of 911 data reporting by field staff. These random audits are performed on a quarterly basis by the RSC or designated staff member.

Reason for Recurrence: During follow-up audit procedures, the finding was determined to be only partially corrected due to a segregation of duties issue in which all of the steps related to the processing of reports are completed by one person without a documented review. An updated corrective action plan was communicated as follows:

- The instrument developed by the RSC specific to the RSA-911 elements has been retired. Those queries have been incorporated into the annual VR program audit.
- ICBVI has recently developed a manual for Data Validation Procedures. This was approved for implementation in January 2022. Excerpts from this manual include:
    - The Rehabilitation Services Chief or designee runs quarterly checks on cases to look for data that is anomalous, or outside the expected range for data values, or data that is

clearly erroneous. Errors and anomalies are reviewed with the appropriate regional VR staff. The errors and anomalies are then verified, or corrected, as appropriate. A record of these reports is retained for a period of 5 years for auditing purposes.

- Prior to the submission of the RSA-911 by the Financial Technician, the approval for submission will be communicated via email. These emailed approvals will be retained in a specific outlook folder by the Financial Technician.

<u>Idaho Division of Career and Technical Education</u>

Finding Number 2020-203: The Division does not perform subrecipient risk assessments or monitor subrecipient activities as required for the Career and Technical Education (Perkins V) grant.

Federal Program: 84.048 - Career and Technical Education - Basic Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: Prior to fiscal year 2021, IDCTE was in the process of developing a risk assessment and subrecipient monitoring program with the intent of implementation during state fiscal year 2021. As mentioned in the cause for finding 1, on February 6, 2020, the U.S. Department of Education, Office for Civil Rights (OCR) determined the need for all states to develop a new Methods of Administration (MOA) state plan with a connection to the Perkins V state plan. States had the option to conduct subrecipient monitoring for Perkins V and MOA reviews separately or as a combined process. IDCTE chose to combine the two in an effort to conduct onsite reviews more efficiently.

The MOA state plan includes a timeline of process development for the combined subrecipient/MOA risk assessment and review during fiscal year 2021 with implementation during fiscal year 2022.

Anticipated Corrective Action Date: IDCTE is on target to finish process development by June 30, 2021 with implementation beginning July 1, 2021. Desk audits are anticipated to begin in August of 2021 with the first onsite visits anticipated to take place beginning in February of 2022.

Partial Corrective Action Taken: We are currently working on policy development and implementation for the subrecipient monitoring process. At this time, we anticipate the policy will be developed by January 31, 2022 and implemented by February 1, 2022. We anticipate completing the first round of desk audits by March 30, 2022. Site visits should be completed by June 30, 2022.

Reason for Recurrence: The Division is in the process of addressing this finding (March-June 2022). As a result, the finding will not be corrected for FY2021.

Finding Number 2020-204: The Division did not meet the minimum maintenance of effort requirements for the Career and Technical Education (Perkins V) grant.

Federal Program: 84.048 - Career and Technical Education - Basic Grants to States

Related to Prior Finding: N/A

Current Status: Partially Corrected

Planned Corrective Action: IDCTE agrees controls can be strengthened to include a review and signature process. However, IDCTE disagrees with the materiality of the difference in administrative costs year-over-year. IDCTE's administrative costs at the state level related to Perkins V are all tied to salaries and benefits except for an occasional one-time transaction. In fiscal year 2020, IDCTE experienced a staffing change resulting in $11,007.19 in salary savings. At the same time, IDCTE restructured the organization and effectively minimized the impact of those salary savings. Total salary and benefit expenditures during fiscal year 2020 were $444,355 compared to $446,385 for fiscal year 2019 for a difference of $2,630 (0.6%). Fiscal year 2019 also reflects a higher expenditure amount than fiscal year 2020 due to a one-time transaction for review and expansion of the Technical Skills Assessment system paid to the vendor, Career and Technical Education Consortium of States (CTECS), at a cost of $40,000. One-time expenditures are not required to be included in the Maintenance of Effort (MOE) total in accordance with Sec. 211.(b)(1)(B) of the Perkins V Act.

IDCTE concurs a strengthening of current controls is appropriate. However, given the circumstances we do not agree with the assessment of a material weakness or material noncompliance.

Anticipated Corrective Action Date: July 1, 2021

Partial Corrective Action Taken: We are now following Perkins V policies. Administrative match is based on the approved Perkins state plan. We budget personnel costs with the intent of meeting the dollar-for-dollar match requirement. We track actual costs via monthly reporting to monitor progress. Typically, we exceed the match requirement. There's no requirement to track it monthly. However, we have an internal report that is updated monthly and viewed by myself, the Perkins grant manager and others. We do not document review of that report.

Reason for Recurrence: We've been following Perkins V starting with the implementation of the federal grant award V048A200012, which was our fiscal year 2021. Due to the timing of implementation, this finding was not fully corrected for FY2021.

Finding Number 2020-205: Internal controls over the review of match requirements for the Career and Technical Education (Perkins V) grant are not sufficiently documented.

Federal Program: 84.048 - Career and Technical Education - Basic Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: Review and approval are currently performed prior to the Chief Fiscal Officer (CFO) entering their personal identification number into the Perkins Web Portal (designed and operated by OCTAE) for the Consolidated Annual Report. Unfortunately, the audit trail provided by the portal only includes the IDCTE Administrator's timestamped approval and not that of the CFO.

Additionally, internal controls include budgeting and system limit controls based on the federal grant allocation as submitted via the Perkins Web Portal, which includes the administrative match. Subsequently and throughout the grant period, internal reporting and review is completed at least monthly.

Matching and MOE are closely related. During the process of updating the MOE calculation and procedures, IDCTE will include an evaluation of the internal matching review and document retention.

Anticipated Corrective Action Date: We anticipate an updated matching process to be completed by July 1, 2021.

Partial Corrective Action Taken: The match amount is reviewed prior to approval and at the same time as the rest of the information on each report. We retain a copy of the email stream as support since the reporting portal doesn't provide the tracking log.

After conversations with the audit team, we started saving email approvals and routing since the Perkins Web Portal isn't able to provide that detail. While we also initiated this process with other grants, our first opportunity with Perkins was this last report submitted in February 2022.

Reason for Recurrence: The Division is in the process of addressing this finding (February 2022). As a result, the finding will not be corrected for FY2021.

Office of the State Controller

Finding Number 2020-206: The Office's internal review process did not identify errors in the Schedule of Expenditures of Federal Awards (SEFA).

Federal Program: 21.019 - Coronavirus Relief Fund

Related to Prior Finding: N/A

Current Status: Corrected

Idaho Department of Fish and Game

Finding Number 2020-207: Five of the twenty-two capital assets purchased or constructed with Bonneville Power Administration and Lower Snake River Compensation Plan grant funds were not recorded in the State of Idaho Fixed Asset System (FAS), which is not in compliance with State and federal equipment and real property management requirements.

Federal Program: 81.U17 - Miscellaneous Bonneville Power Administration Grants
15.661 - Lower Snake River Compensation Plan

Related to Prior Finding: N/A

Current Status: Partially Corrected

Planned Corrective Action: The construction projects consisted of fabrication and installation of 5 fish screens that were installed on privately held properties during Fiscal Year 2020. Our judgment at the time of recording the expense was that, since these are long-term fixtures on privately owned property, they did not need to be recorded in FAS. However, in reviewing the applicable Idaho statute and fiscal policies, we concur with the auditors that these should have been recorded, regardless of ownership.

Regarding the capital asset valued at $17,378 in the Lower Snake River Compensation Plan (LSRCP) program, the Department asserts that it appropriately identified the asset for entry in FAS and took the initial steps to record it. However, the entry was inadvertently deleted from the FAS hold file before it could be processed. The Department believes the deletion was an isolated incident and is not a systemic issue.

In response to the finding, the Department will enter the FY20 assets identified into FAS. In addition, it will develop a periodic secondary review procedure to ensure assets are recorded in the capital asset record system when appropriate.

Anticipated Corrective Action Date: June 30, 2021

Partial Corrective Action Taken: The five fish screens and the LSRCP asset have been entered into STARS and can be found under property #'s 54460, 54461, 54462, 54463, 54464, and 51988.

A query was designed that will pull operating and capital outlay expenses from the prior quarter. The fixed asset manager will assess the queried data to determine whether all assets purchased were appropriately recorded, promptly recording any that were missed. The first query will be run in October, for July to September of 2021.

Reason for Recurrence: Corrective action was taken in April and October 2021. However, during follow-up audit procedures, it was noted that two reports have been run since the implementation of the procedure, but that as of March 2022, purchases had been flagged and comments were added for some of the items in the reports, but that none of them had been confirmed as capital assets or not and none of them were added to FAS. During follow-up procedures, the Department indicated that there is an expectation that the comments would be addressed in the reports by June 2022.

Idaho Department of Health and Welfare

Finding Number 2020-208: The Department did not provide access to program personnel to allow auditors to obtain sufficient appropriate audit evidence that control, accountability, and required safeguarding procedures are in place for vaccines received through the Immunization Cooperative Agreements Program.

Federal Program: 93.268 - Immunization Cooperative Agreements

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2020-209: The Department did not provide access to program personnel to allow auditors to obtain sufficient appropriate audit evidence to support an opinion on compliance with requirements related to immunization records.

Federal Program: 93.268 - Immunization Cooperative Agreements

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2020-210: The Department utilized the incorrect National Correct Coding Initiative (NCCI) edit files in processing Medicaid payments that could result in improper payments because of outdated payment rates for procedures, changes in procedures allowed by Medicaid, and other changes to the edit files.

Federal Program: 93.777, 93.778 - Medicaid Cluster

Related to Prior Finding: N/A

Current Status: Not corrected

Planned Corrective Action: The Division's Medicaid Enterprise System (MES) operations team has already gained access to the RISSNET portal and downloaded the correct NCCI edit file. The team is currently working on a method to deliver the file to Gainwell Technologies (formerly DXC Technology Services) and their sub vendor, Context4. The file will need to be delivered to Context4 to be formatted for ingestion into the claims adjudication engine. Upon receipt, Context4 will need time to evaluate and format the file to be used by the claims engine. Once Context4 has the file they will be able to compare the publicly available file to the Medicaid file. This will allow us to evaluate if there were claims paid in error.

Anticipated Corrective Action Date: July 1, 2021.

Partial Corrective Action Taken: The state delivered the proper edits files to the vendor and has developed a plan to deliver future edits to the vendor in a reasonable timeframe. The state downloaded the RISSNET NCCI edit files and delivered to Gainwell Technologies for claims processing on November 18, 2021. Gainwell Technologies determined they are able to load the files directly and no longer need to involve their sub vendor, Context4. The state has setup a quarterly schedule with Gainwell Technologies to deliver the RISSNET NCCI edit files.

Reason for Recurrence: Corrective action was taken in November 2021. Due to the timing of when this finding was addressed, it was not implemented for FY2021.

Finding Number 2020-211: Confidentiality agreements in place with Medicaid contractors did not include all required elements to ensure compliance with the Medicaid program.

Federal Program: 93.777, 93.778 - Medicaid Cluster

Related to Prior Finding: N/A

Current Status: Not corrected

Planned Corrective Action: The Division's Medicaid Enterprise System (MES) operations team will draft and execute a new NCCI Edit Confidentiality Agreement to address the missing required elements specific to NCCI editing with all applicable contractors.

Anticipated Corrective Action Date: July 1, 2021

Partial Corrective Action Taken: Confidentiality agreement was modified to include required elements and executed. Vendor confidentiality agreement was executed with Gainwell Technologies on November 12, 2021.

Reason for Recurrence: Corrective Action was taken in November 2021. Due to the timing of when this finding was addressed, it was not implemented for FY2021.

Finding Number 2020-212: Subrecipient monitoring procedures are not adequate to ensure compliance with federal requirements for the Crime Victim Assistance program.

Federal Program: 16.575 - Crime Victim Assistance

Related to Prior Finding: 2019-206 (see below)

Current Status: Corrected

Finding Number 2020-213: Subrecipient eligibility is not adequately documented or reviewed for compliance with federal requirements of the Crime Victim Assistance program.

Federal Program: 16.575 - Crime Victim Assistance

Related to Prior Finding: 2019-205 (see below)

Current Status: Corrected

Finding Number 2020-214: Special reports and performance reports required for the Crime Victim Assistance grant were submitted after the due date, and dates of original report submission were not documented.

Federal Program: 16.575 - Crime Victim Assistance

Related to Prior Finding: 2019-208 (see below)

Current Status: Corrected

<u>Idaho Department of Labor</u>

Finding Number 2020-215: The Schedule of Expenditures of Federal Awards (SEFA) was understated by $98,754,522 for the Unemployment Insurance grant.

Federal Program: 17.225 – Unemployment Insurance

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2020-216: The Department has not implemented internal control procedures to ensure the accuracy of cases investigated by the Benefits Accuracy Measurement (BAM) program.

Federal Program: 17.225 – Unemployment Insurance

Related to Prior Finding: N/A

Current Status: Corrected

<u>Idaho Division of Vocational Rehabilitation</u>

Finding Number 2020-217: Internal controls over the review of the financial reports for the Rehabilitation Services - Vocational Rehabilitation Grants to States (CFDA 84.126) are not operating effectively.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Corrected

Older Findings

Finding Number 2019-206: Subrecipient monitoring procedures are not adequate to ensure compliance with federal requirements for the Crime Victim Assistance program.

Federal Program: CFDA #16.575 - Crime Victim Assistance

Related to Prior Finding: See finding 2020-212 above

Current Status: See 2020-212 above

Finding Number 2019-208: Special reports and performance reports required for the Crime Victim Assistance grant were not reviewed for accuracy, contained errors, and were submitted after the due date.

Federal Program: CFDA #16.575 - Crime Victim Assistance

Related to Prior Finding: N/A

Current Status: See 2020-214 above

Idaho Potato Commission

Finding Number 2019-211: The Commission is not performing subrecipient risk assessments, monitoring subrecipient activities, or reviewing subrecipient audits as required for the Specialty Crop Block Grant program.

Federal Program: CFDA #10.170 - Specialty Crop Block Grant Program

Related to Prior Finding: N/A

Current Status: Partially Corrected

Planned Corrective Action: Idaho Potato Commission received a risk assessment report and questionnaire from Idaho State Department of Agriculture that we will be implementing at the start of each project prior to rewarding the grant. This will review the institutions size and complexity of the program, prior compliance and experience, their management systems, and single audits. At this time, the terms and conditions of each individual grant will be discussed and have a written agreement signed between University of Idaho and Idaho Potato Commission. The Industry Relations Director will go through the forms and agreements will be placed in each grants file to be reviewed when needed.

We are implementing a procedure regarding the review process of the quarterly and annual reports and checks on the progress of the project. We will originally have it sent to the legal/finance assistant for review and finalized by the Industry Relations Director.

Anticipated Corrective Action Date: Spring 2021

Partial Corrective Action Taken: The IPC sent the risk assessment to the University of Idaho, they filled it out and returned it. However, a few questions were left blank. In the future, risk assessments will be done in person to make sure all questions are answered.

Reason for Recurrence: Risk assessment responses were not complete. The Commission is planning to conduct the risk assessments in person to ensure all questions are answered.