

State of Idaho
Internal Control Report

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*

Fiscal Year 2022

Terri Kondeff
Director

Legislative Services Office
Idaho State Legislature

Serving Idaho's Citizen Legislature

February 8, 2023

Honorable Brad Little, Governor
Honorable Representative Wendy Horman, JFAC Co-Chair
Honorable Senator Scott Grow, JFAC Co-Chair
Honorable Brandon D Woolf, State Controller

We are pleased to submit the State of Idaho *Internal Control Report* as it relates to our audit of the statewide *Annual Comprehensive Financial Report* (ACFR) covering the fiscal year ended June 30, 2022. This *Internal Control Report* is an integral part of the ACFR audit process and is required by *Government Auditing Standards* issued by the Comptroller General of the United States.

These standards require that we consider the internal control over financial reporting and disclose weaknesses that could have a material effect on the financial statements. We are also required to perform and disclose the results of tests of compliance with certain laws, regulations, and other requirements that could have a direct and material effect on the financial statement amounts.

The results of our audit identified one material weakness and six significant deficiencies in internal control required to be reported under *Governmental Auditing Standards*. Although the risk of misstatements exists as a result of these issues, none of these weaknesses resulted in material misstatements that were not corrected as a result of the audit. As such, we have issued an unmodified opinion on the financial statements.

This report is available on our website at www.legislature.idaho.gov, and the ACFR can be obtained from the Office of the Idaho State Controller's website at www.sco.idaho.gov.

Sincerely,

April Renfro

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Legislative Audits Division

Paul Headlee, Deputy Director
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Legislative Services Office
Idaho State Legislature

Terri Kondeff
Director

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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 23, 2022

Honorable Brad Little, Governor
Honorable Representative Wendy Horman, JFAC Co-Chair
Honorable Senator Scott Grow, 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, 2022, 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 23, 2022. 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 and Idaho State University Foundation 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 following deficiencies described in the accompanying Basic Financial Statement Findings to be material weaknesses: 2022-102.

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 following deficiencies described in the accompanying Basic Financial Statement Findings to be significant deficiencies: 2022-2022-101, 2022-103, 2022-104, 2022-105, 2022-106, and 2022-107.

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*.

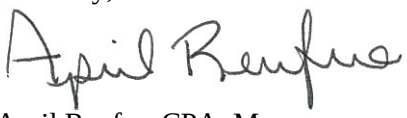
State of Idaho's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the State of Idaho's response to the findings identified in our engagement and described in the accompanying Basic Financial Statement Findings. The State of Idaho's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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, CPA, Manager
Legislative Audits Division

STATE OF IDAHO
INTERNAL CONTROL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SCHEDULE OF BASIC FINANCIAL STATEMENTS FINDINGS

STATE OF IDAHO
INTERNAL CONTROL REPORT
SCHEDULE OF BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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STATE OF IDAHO
INTERNAL CONTROL REPORT
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OFFICE OF THE STATE CONTROLLER (Office)

FINDING 2022-101
The Office's internal review process did not prevent or detect misstatements in the statewide ACFR submitted to the auditors.

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 relate 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: Several misstatements and presentation errors were either identified by the auditors and communicated to management during the audit process or identified by the Office after the financial statements were provided to the auditors. 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:

- We noted the Primary Government and Fiduciary Funds Fair Value of Investments table understated the Quoted Price in Active Markets for Identical Assets (Level 1) by $2.5 million.

- The disclosure for the investment policy of the Endowment Fund Investment Board (EFIB) incorrectly stated international equities as an allowable investment, this should have been disclosed as international securities.

- The Primary Government and Component Units, Restricted Assets table was understated by $144.9 million on the Restricted Cash: Legislation and Donations line. This error caused overstatements

of $144.9 million on the Statement of Net Position, Governmental Activities column, Pooled Cash and Investments line, as well as the Governmental Fund Balance Sheet, General Fund column, Pooled Cash and Investments line. Conversely Restricted Cash was understated on these statements.

Note 3:

- The Interest Rate Swap Agreement (June 30, 2022) table was overstated by $0.5 million.
- The Investment Derivatives statement was incorrectly dated June 30, 2021; this should be dated June 30, 2022.
- The TBA Forward Contracts (June 2022) did not include the Coupon Rate and Counterparty Credit Rating for one of the contracts (August 2022).

Note 6:

- The Capital Assets in Progress (CIP) decreases amount was overstated, and the beginning balance was understated by $88.6 million. The infrastructure beginning balance was understated by $136.4 million, the increases were overstated by $170.8 million, and the decreases were overstated by $31.1 million.

Note 7:

- The Deferred Inflows of Revenue table, Business-Type Activities Column understated the Service Concession Arrangement amounts by $39.0 million and overstated Other Deferred Inflows by the same amount. Both of these lines flow to the Deferred Inflows line on the financial statements and did not cause a misstatement.

Note 8:

- We noted that changes in assumptions affected the measurement of the total pension liability since the prior management date for the Public Employment Retirement System of Idaho (PERSI) Base Plan; these changes were not disclosed. GASB 68 paragraph 80d requires a brief description of these changes.

Note 9:

- The Long-Term Disability section had language stating that all employees disabled on or after July 1, 2003, have an insured benefit and are not subject to GASB 75 (income benefit). Later in the discussion, it stated that all employees disabled on or after July 1, 2012, have an insured benefit and are not subject to GASB 75 (insurance benefit). These paragraphs should have stated that, as of July 1, 2020, all employees have an insured benefit and are not subject to GASB 75 because premium payments are made before a disabled member's separation from employment.
- The Discount Rate Sensitivity table for the University of Idaho (Other Post-Employment Benefit (OPEB) incorrectly reported the discount rate to be 6 percent +/- 1 percent; this should be 5.75 percent +/- 1 percent.
- The Net OPEB Liability (Asset), OPEB Expense, and Deferrals paragraph states that “Employer proportionate shares were determined utilizing a single-period measure of contributions as of June 30, 2021.” Because the schedule of employer allocations continues to use contribution amounts from 2020 to determine proportionate shares, this date should be June 30, 2020.
- There were changes of assumptions for the Sick Leave Insurance Reserve Fund (SLIRF) OPEB plan that affected measurement of the total OPEB liability since the prior measurement year. However, a discussion of what these changes in assumptions are, as required by GASB 75:96d, was not included.

Note 11:

- Included in the note was a schedule showing future minimum rentals for leases receivables. GASB 87 paragraph 59 requires this disclosure, "if a lessor's principal ongoing operations consist of leasing assets to other entities." Since the State's principal ongoing operations are not to lease assets to other entities, this disclosure is not required.
- GASB 87 paragraph 57b, requires the total amount of inflows for resources recognized in the reporting period from leases to be disclosed, if that amount cannot be determined based on amounts displayed on the face of the financial statements. This disclosure was not included and resulted in the omission of inflows from Governmental Activities of $0.4 million in interest revenue and $3.5 million in lease revenue; inflows for Business Type Activities of $0.7 in interest revenue and $3.3 million in lease revenue; and inflows for Component Units of $0.1 million in interest revenue and $0.6 million in lease revenue. Amounts were missing from the disclosure only and were properly included in the financial statements.
- Tables disclosing the right-to-use assets and future minimum lease commitments for noncancelable leases payable for the State as lessee included component units in the total for the primary government. Component units are not part of the primary government and should not be included in the primary government total.

Note 13:

- The total interest for the Component Units Revenue Bond Debt Service Requirements to Maturity Schedule was understated by $0.5 million.
- The Component Unit Note debt service requirements to maturity Schedule reported the incorrect Interest Rate range for the Idaho Housing and Finance Association. It was listed as 0.00 percent to 9.25 percent and should have been reported as 0.00 percent to 6.71 percent.
- On the Governmental Activities Note Debt Service Requirements to Maturity Schedule the line for 2038-2042 was understated by $18.1 million.
- The Changes in Long-Term Liabilities Schedule, the amounts for Governmental Activities: Leases Payable, Increases ($44.9 million) and Business Type Activities: Net Pension Liability, Decreases ($87.7 million) were formatted so it appears as if there is a $0 value there.
- The Changes in Long-Term Liabilities Schedule, the amount for Component Units: Notes Payable, Amounts Due in One Year, was overstated by $3 million This also resulted in the Long-Term Liabilities: Due Within One Year being overstated and the Long-Term Liabilities: Due in More Than One Year being understated by $3 million for component units on the government-wide Statement of Net Position.
- In Section E. Claims and Judgements, Primary Government, the disclosure for the Department of Environmental Quality states: "As of June 30, 2020, the amended remediation cost estimate was $137.9 million." The fiscal year should have been updated to June 30, 2022.
- The disclosure for the Petroleum Clean Water Trust Fund's (PCWTF) policy claim liabilities of $5 million should not be included in Section E. Claims and Judgements, Primary Government. GASB 34 paragraphs 113, 115a, and 116-120 do not specifically say that fiduciary component units should be included in the note disclosure for long-term liabilities and instead focus on disclosures about capital assets and long-term liabilities of the Primary Government reported in the statement of net position, from which the fiduciary funds are excluded.
- The disclosure for the Transportation Expansion and Congestion Mitigation (TECM) bonds overstated the amount that has been borrowed by $9.3 million.

Note 14:

- We noted the disclosure related to the Governmental Activities beginning net position was overstated by $47.8 million. In addition, on the government-wide Statement of Net Position the

Governmental Activities Nondepreciable Capital Assets were overstated by $3.2 million and on the Statement of Activities the Governmental Activities Economic Development expenses were understated by $51.0 million.

Colleges and Universities Cash Flow Statements:

- The noncash transaction footnote for college and university assets acquired through donations was overstated by $2.1 million.

Management Discussion & Analysis: The statement under Business-Type Activities incorrectly stated that expenses for the Colleges and University decreased by 11.1 percent when this should have been reported as an increase.

- The discussion for Governmental Funds overstated the change in fund balance by $0.2 billion.
- The financial analysis of the federal stimulus fund incorrectly stated an increase in net position of $252.5 million; this should be reported as a decrease of $3.9 million.
- The paragraph directly following the capital asset table did not reflect updated information based on changes made to Notes 6 and 14 for additions to roadways and infrastructure capital assets in progress. The disclosure understated additions to infrastructure capital assets in progress by $48.1 million and overstated additions to roadways by $170.8 million.
- The capital asset table understated the restated beginning balance for Governmental Activities, Land and Land Use Rights and Machinery Equipment, and Other by $236.6 million. Additionally, the Machinery, Equipment, and Other, net of depreciation for fiscal year 2021 overstated by $63.1 million.
- The financial analysis of Business-Type Activities included an explanation stating that college and university expenses increased by $126.3 million due to an increase in the sale of goods and services of $48.4 million. This explanation should reference the increase in expenses for services and supplies or benefits, awards, and premiums to explain the increase in expenses instead of referencing the increase in revenues from sales from goods and services.

RSI:

- GASB 68 paragraph 81(b) and GASB 75 paragraph 97 (b) require a 10-year schedule for contributions of governmental non-employer contributions that are established statutorily or contractually. Column (a) in the Schedule of Employer Contributions for the PERSI Base Plan and SLIRF should be using ‘statutorily required’ contributions instead of ‘actuarially determined’ contributions required by GASB 67 and GASB 74.
- Changes in assumptions were noted by PERSI that affected the measurement of the total pension liability for the PERSI Base Plan since the prior measurement date. GASB 68 paragraph 82 requires disclosure of information about factors that affected trends in the amounts reported in the required RSI schedules, including the use of different assumptions. This disclosure was not included in the RSI.
- GASB 75 paragraph 58 requires disclosure of information about factors that affected trends in the amounts reported in the required RSI schedules, including the use of different assumptions. Changes of assumptions were described in Note 9 for the University of Idaho OPEB plan. However, this disclosure was not included in RSI as required by GASB.

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

- Component Unit Materiality Determination:
    - Several blended and discrete component units identified by the SCO are excluded from the statewide ACFR. The following entities had amounts that exceeded the trivial threshold for aggregate discretely presented component units.

  - Friends of Public TV Foundation
  - Bureau of Education Services for Deaf & Blind
  - Idaho Youth Challenge Foundation (Military)

- Financial Statement Error:
  - Rebates payable of $144.9 million were not reported on the Statement of Net Position, Governmental Activities column or the Governmental Fund Balance Sheet, General Fund column.

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, these review processes did not prevent or detect the misstatements, errors, and omissions listed above. Additionally, errors identified in the draft related to Notes 2, 6, and 14 were due to State agencies not reporting relevant financial information.

Effect: The financial statements and note disclosures submitted for audit contained several misstatements and information that was not clearly presented; the amounts of 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 to ensure 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 issuance of the financial statements.*

Corrective Action: *The State Controller's Office acknowledges the misstatements and presentation errors identified by the auditors. 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 work with entities that we rely on for information to provide updated and correct information, including agencies that provide closing packages as well as audited financial statements. We will update coding information sheets to correct any identified errors. With new guidance being implemented we will do an extra review to validate all information required by guidance is incorporated. We will adjust internal deadlines to provide more time for thorough reviews. The office will continue to communicate with component units to receive correct and timely information prior to the first draft.*

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

FINDING 2022-102
The Office's internal review procedures did not prevent or detect the understatement of Unrestricted Net Position and the overstatement of Net Position-Restricted for Other Purposes on the Component Unit Statement of Net Position.

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 relate 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 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.

GASB 34 paragraph 34 (as amended by statement 63 paragraph 10) states that net position should be reported as restricted when constraints on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or when imposed by law through constitutional provisions or enabling legislation. GASB 46 further amends the definition of legal enforceability.

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 Aggregate Discretely Presented Component Units statements but was corrected prior to issuing the ACFR:

- The amount listed as Restricted for Other Purposes of $625.2 million on the Component Units Statement of Net Position was not supported by the component unit's audit report. Review of the audit report noted this amount should be reported as Unrestricted Net Position.

Cause: The Office did not properly assess if the amounts for the component unit should have been restricted in the current year. The Office operated under the assumption that it was set up appropriately in prior years without reviewing or maintaining the original supporting documentation.

Effect: The financial statements submitted for audit contained misstatements that exceeded our materiality threshold for Aggregate Discretely Presented Component Units. The Unrestricted Net Position on the Component Units Statement of Net Position was understated by $625.2 million and Net Position-Restricted for Other Purposes was overstated by the same amount.

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

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

Corrective Action: *The State Controller's Office acknowledges the errors identified by the auditors. These errors were corrected prior to the issuance of the financial statements. We updated our grouping structure to be in line with the correct reporting.*

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. While the steps taken will address this specific error, it is important that the Office improve internal controls to prevent and/or detect and correct errors of this nature in the future, prior to completion of the financial statements for audit.

STATE DEPARTMENT OF EDUCATION (Department)

FINDING 2022-103

The Department is not properly monitoring data that supports foundation payments made to school districts and charter schools.

Type of Finding: Significant Deficiency

Criteria: Idaho Code, Title 33, Chapter 10, establishes the foundation program and how the payments for education support shall be calculated. Included in this section are the rules for data elements that are included in the calculation of this payment. Further, this section states that the State Board of Education and/or State Superintendent of Public Instruction shall establish rules on the method of data collection. The Idaho Administrative Procedures Act (IDAPA) 08.02.01 notes that data must be submitted through the State longitudinal system.

Idaho Code, Section 33-701(6), requires school districts to submit audited financial statements for review by the Department by November 10 each year. If the Department requests further explanation or additional information regarding the audit report, the school districts shall provide a full and complete response within 30 days of the request.

Idaho Code, Section 33-701(7), requires school districts to file annually with the Department such financial and statistical reports required by the State Superintendent of Public Instruction.

The Department published a memo, Memorandum to Auditors of Idaho's Public School Districts and Charter Schools (Memo) that outlines several areas that the Department requests the auditors to review and test during the audit of Idaho's public schools. Specific areas of review include a review of revenue and expenditure coding, review of the accuracy of the school's attendance, staffing, and pupil transportation data, among other things.

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 and monitoring. 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. Monitoring is the evaluation of results of the internal controls system and remediation of deficiencies in a timely manner.

Condition: The Department uses data from the Idaho System for Education Excellence (ISEE), which is the State longitudinal system required through IDAPA 08.02.01, to calculate and distribute foundation payments to Idaho school districts. School districts directly submit the required data, such as student attendance and teacher information through ISEE.

The Department relies on financial audits completed by CPA firms to verify the support for and internal controls over the data entered by the school districts and provides the Memo described in the criteria above

to the CPA firms contracted by school districts and charter schools to complete those financial audits. The Memo includes specific items for review and suggested testing to be completed by the contracted auditors. The Department asserted that these reports will identify problems with the accuracy of the data, so we selected a sample of financial audits submitted by the school districts for testing. There was no indication in any of the reports we reviewed that the school districts' auditors tested or reviewed the specific items outlined in the Memo, nor was there any evidence available that Department personnel confirmed these tests were completed and that they have received or reviewed the results from this work.

We further inquired about procedures performed by the Department staff to verify that the procedures listed in the Memo are performed, the results of those procedures, and to verify the accuracy of the data uploaded to the ISEE. We were unable to identify monitoring activities completed by the Department to verify the accuracy of source data entered into ISEE, or the results related to any of the other items included in the Memo for auditors to review.

We also discussed the analytical procedures performed by staff at both the Department and the Board of Education on the ISEE information to identify anomalies in the data. We viewed the ISEE portal reports used for these analytics. Based on our understanding, these procedures are performed once the data has been transmitted to ISEE and would not necessarily detect issues with specific requirements relating to the data entered at the district level, such as weaknesses in controls around data entry, errors in staffing information, or enrollment/daily attendance levels other than larger variances from year to year.

Cause: The Department requests that the school district and charter school auditors review the data entered into ISEE related to staff and student information during the financial statement audits at the school districts. However, the Department has specifically stated that they do not require the results of these recommended procedures be reported to the Department or any other assurance that these procedures have been performed by the auditors, nor do they review this information during site visits. Additionally, standard audit procedures would not specifically test all of the items in the Memo to the level requested by the Department, so reliance on these audit reports would
not be appropriate for these specific items.

Effect: Each year, the Department distributes over $2 billion to schools, the majority of their general maintenance and operating revenues. The amount distributed is based on attendance and staffing information provided by the public schools through the ISEE data reporting. Without assurances that the data input into the system is accurate, the Department is at risk of providing incorrect payments to school districts.

Recommendation: We recommend that the Department implement monitoring procedures to ensure that the data submitted by school districts and charter schools and entered into the ISEE is accurate and reliable. Monitoring procedures could include requiring auditors to report on the procedures performed as part of the financial statement audit process or including procedures in the site visits completed by the Department. The Department currently performs site visits annually, and these monitoring procedures could be a part of that review. Additionally, the Office of Performance Evaluators recommended (in a report issued in January 2004 and referenced in the Memo referred to above) that the Department establish a process for an annual review of a small sample of school district financial audits to assess the adequacy of the work performed by the audit firms to test the accuracy of data school districts report to the Department. This is another procedure that should be performed by the Department to ensure compliance with the requirements they have established if they intend to continue to rely on and require the audit firms to complete the monitoring.

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

Corrective Action: *School Finance will implement a Letter of Assurance completed by school auditors acknowledging the review of auditing recommendations set forth in the annual memo. This document will outline key areas of focus and provide reassurance that these areas are being reviewed. Specifically, a question would be included asking if auditors reviewed internal controls for data submission and verified the accuracy of staffing and student information submitted by schools during the period of audit. While public school finance staff do currently review the audits submitted, the department will develop an additional deeper review of a small sample of district/charter school audits to verify accuracy of data reporting.*

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

DEPARTMENT OF HEALTH AND WELFARE, (Department)

FINDING 2022-104
The Department's internal review process did not prevent or detect errors in the Accounts Receivable closing package for the statewide ACFR.

Type of Finding: Significant Deficiency

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 and risks are mitigated. These activities include adequate review and authorization of financial reporting and using the general ledger or other reliable records as the basis for reports.

Additionally, each year, State agencies are required to report accounting information to the Office of the State Controller (Office) in the form of closing packages, which provide the details necessary to prepare the statewide *Annual Comprehensive Financial Report* (ACFR). The Office provides instructions for preparing the closing packages in accordance with Generally Accepted Accounting Principles (GAAP).

Condition: The Department uses a Federal Medical Assistance Percentage (FMAP) rate as a variable in the estimation process to calculate the State Share of Medicaid Receivables reported on the accounts receivable closing package. An incorrect FMAP rate (70.21 percent) was used to calculate the State Share of Medicaid Receivables in the Department's submission of the accounts receivable closing package prior to the audit. The correct FMAP rate was 76.41 percent, which includes a 6.2 percent COVID-19 FMAP increase that was approved through December 31, 2022.

The use of the incorrect FMAP rate caused an overstatement of $147,856 in the accounts receivable balance, an overstatement of $6,043,172 in revenue, and an understatement of $5,895,316 in unavailable revenue as of June 30, 2022.

Subsequent to communication with the Department regarding the errors noted during the audit, the Department resubmitted information to the Office of the State Controller to correct the misstatements.

Cause: The Department's final review procedures over the accounts receivable closing package were not performed at a level sufficient to identify and correct the errors prior to submission to the Office of the State Controller.

Effect: In the absence of the audit work completed, the statewide ACFR would have included an overstatement of $147,856 in the accounts receivable balance, an overstatement of $6,043,172 in revenue, and an understatement of $5,895,316 in unavailable revenue as of June 30, 2022, in relation to the Department's financial transactions.

Recommendation: We recommend that the Department strengthen the review process over the completion and submission of closing packages to ensure that accurate and reliable financial information is provided to the Office of the State Controller.

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

Corrective Action: *Compilation procedures and review processes will be strengthened to reduce the risk of non-compliance. Future closing packages will incorporate checklists and/or comparative analysis enhancements to mitigate the risk of inaccurate reporting of FMAP rates and other information.*

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

IDAHO STATE TAX COMMISSION (Commission)

FINDING 2022-105
The Commission failed to report the Idaho Tax Rebate Fund restricted cash balance of $144.8 million and the related accounts payable liability.

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 ACFR. The Office provides instructions for each closing package based on Generally Accepted Accounting Principles (GAAP) to ensure accurate information is submitted by the Commission. The Commission is required to submit a Miscellaneous closing package to provide information related to the restricted cash balance in excess of $50,000 for footnote disclosures to the financial statements.

The Governmental Accounting Standards Board (GASB) Implementation Guide 2015-1, Z.33.24 and GASB Statement 33 require revenue from taxes to be recorded "net of estimated refunds," which includes rebates to taxpayers. Tax rebates should be reported as reduction of tax revenues or a payable in the period in which they become estimable.

Additionally, 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. These activities include adequate review and authorization of financial reporting and using the general ledger or other reliable records as the basis for reports. Further, auditing standards provide guidance on required elements when estimates are used for financial information.

Condition: The Idaho Tax Rebate Fund was created and became effective in July 2021 with an initial transfer of $220 million. A second rebate was authorized, and $350 million was transferred in February

2022. The balance in the fund of $144.8 million at year-end was restricted for rebates to be paid out. However, the Commission did not report this balance as restricted on the miscellaneous closing package.

The Commission continues to process 2021 and 2022 tax rebates as taxpayers become eligible by filing the required income tax returns. The Commission paid a total of $17.6 million in July 2022 and August 2022, and additional rebates continue to be processed for taxpayers that have until December 31, 2022, to qualify. Accounting standards prescribe that the Commission should calculate an estimate of the total amount of tax rebates that will be paid out in the following fiscal year, and it should be reported as a net to receivables or as a payable. However, the Commission did not report a payable related to tax rebates that had not yet been paid or reduce receivables, similar to how tax refunds are accounted for in the financial statements.

Cause: The Commission did not take into consideration all possible reporting requirements related to the new Tax Rebate Fund, including the restricted nature of the fund balance and the future payables. Further, tax rebate activity is a new type of activity, and the Commission was unfamiliar with the guidance on how to report future payables.

Effect: When the Commission did not report the $144.8 million as a restricted fund balance on the miscellaneous closing package, it created an error on the State of Idaho financial statements and the restricted asset note disclosure. Further, liabilities are understated by an amount equal to estimated tax rebates to be paid out in future periods.

Recommendation: We recommend that the Commission update their closing package reporting process to consider all possible closing package requirements, research applicable standards, and ensure all information is accurately reported to the Office.

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

Corrective Action: *Research applicable standards and consider all reporting methods related to the changes in funding and new fund. If applicable, create a new restricted cash closing package.*

Auditor's Concluding Remarks: We thank the Commission for its cooperations and assistance throughout the audit. While this corrective action plan will address the immediate concerns related to the Idaho Tax Rebate Fund, we are unsure at this time if this plan will address reporting issues related to additional new funding in the future.

FINDING 2022-106
Documentation of internal controls is not present due to lack of control process for unscheduled sales tax distribution.

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, control activities, and monitoring.

Condition: At the close of each month, an electronic checklist is initialed as accounting tasks are performed. These tasks include reviewing distributions for completeness and accuracy before they are

posted. During testing of internal controls over sales tax distributions, including Personal Property Tax Replacement, one distribution payment of a Personal Property Tax Replacement was returned and then reallocated to the incorrect fund. This error was not identified or corrected due to a lack of controls surrounding unscheduled sales tax distributions.

Cause: The monthly checklist that is used to document review and approval of monthly distributions does not capture unscheduled distributions that are made to correct errors in scheduled monthly, quarterly, and semi-annual distributions. The reviewer's initials on the checklist are how the agency chooses to document and verify that a control occurred and to determine if a distribution was reviewed before it was paid out. Further, during our audit, we identified a distribution made to the wrong sub-fund in the amount of $16,180.56. There were other instances of unscheduled distributions, and the Commission was able to provide alternate support documenting proper review and approval of distributions.

Effect: We were unable to verify that controls were operating throughout the entire period over unscheduled distributions. Without the review, there is an increased risk that errors in the distributions would not be identified and corrected. Our testing identified a $16,180.56 distribution returned to the wrong sub fund, so the returned payment was coded to the revenue share fund rather than the personal property tax fund.

Recommendation: We recommend that the Commission strengthen the controls and improve the documentation of control activities performed for sales tax distributions to ensure that reviews are completed, and proper segregation of duties is maintained when unscheduled distributions are made.

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

Corrective Action: *Strengthen controls and create documentation of control activities performed for sales tax distributions and other unscheduled distributions. Segregation of duties are in place to assist with this process.*

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

IDAHO TRANSPORTATION DEPARTMENT (Department)

FINDING 2022-107

The Department's internal control procedures did not detect or prevent errors in reporting capital assets.

Type of Finding: Significant Deficiency

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 and risks are mitigated. These activities include adequate review and authorization of financial reporting.

Each year, State agencies are required to report accounting information to the Office of the State Controller (Office) in the form of closing packages, which provide the details necessary to prepare the *Annual Comprehensive Financial Report* (ACFR). The Office provides instructions for the Department to prepare the information in the closing packages in accordance with Generally Accepted Accounting Principles (GAAP).

STATE OF IDAHO
INTERNAL CONTROL REPORT
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Condition: The Department reports capital assets in the statewide ACFR. These assets are reported in the statewide financial statements and in more detail in a note to the financial statements. They are reported in multiple categories, including infrastructure and capital assets in progress, and are further reported as depreciable and non-depreciable assets. Infrastructure is reported both as depreciable, such as bridges, and as non-depreciable, such as roadways. Capital assets in progress is reported as a non-depreciable capital asset.

The notes to the financial statements contain further details about the assets and reports the beginning balance, increases, decreases, and the ending balance by category. The Department reported several errors in its closing packages:

Capital Asset in Progress

- Adjustments to beginning balance understated by $88,642,790
- Decreases overstated by $88,642,790

The ending balance was not affected by these errors.

Infrastructure

- Adjustments to beginning balance understated by $136,425,833
- Increases overstated by $170,772, 982
- Decreases overstated by $31,120,203

The net result of these misstatements caused the ending balance to be overstated by $3,226,946.

Cause: The construction of infrastructure assets takes a long time to complete, and the Department uses several dates to determine when they are completed and in service, and when all related costs are known. The construction completion date is the date that the Department accepts the asset as complete. The Department uses the first day of the month following the construction completion date as the in-service date. Infrastructure assets may be in service before the total cost of the project is known. The final voucher date is the date when the asset is closed, and all costs are known and paid.

While the asset is being constructed, costs are accrued in the capital asset in progress category. Once the final voucher date has been determined, the Department reclassifies the capital asset in progress as a capital asset in the correct category. The asset is entered as of the in-service date. There may be a long time between the in-service date and the final voucher date, and the two dates may be in different fiscal years. The correct reporting in these instances is to use adjustments to the capital asset's beginning balance, which causes the Department to regularly have these adjustments in its capital asset reports.

The infrastructure and capital assets in progress categories are reported as non-depreciable assets. The Department included the amounts that should have been reported as adjustments to beginning balances with current-year additions. Some of these capital assets replaced existing assets that were retired from service once the new asset was in use. The Department included these amounts that should have been reported as adjustments to beginning balances with current year decreases. The Department reported these increases and decreases for non-depreciable assets because there was no related depreciation, and the ending balance would be unaffected.

The Department has an internal control procedure in place to ensure that all closing packages are reviewed prior to submission. Our testing confirmed that this review occurred but did not detect the capital asset reporting errors.

Effect: These errors were corrected, and the Department submitted a revised closing package for inclusion in the final statewide ACFR. However, the note disclosure errors could significantly affect a financial statement user's understanding of the state's capital asset activity.

Recommendation: We recommend that the Department design and implement a procedure to ensure that personnel preparing and reviewing closing packages are knowledgeable of capital assets reporting requirements.

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

Corrective Action: *The Department will correct the way we have previously reported Roadway Infrastructure capital asset activity reported on ACFR Note 6. Capital Assets over a significant number of years. Capital Assets (12A) and Capital in Progress (13) - Roadway Infrastructure: The new procedure will utilize the Roadway Infrastructure in-service date to determine whether or not the capital asset activity (increases and decreases) is classified as adjustments to beginning balances or current year. Most all Roadway Infrastructure projects are not completed within a single fiscal year, the in-service date will most likely be a prior fiscal year. Supporting documentation forms and procedures have been updated based on the corrective action plan. Confirmation that the corrective action has been implemented can be verified by the shift in capital asset activity from current year (increases and decreases) to adjustments to beginning balances (balances at July 1, XXXX as restated) for assets being capitalized.*

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

STATE OF IDAHO
INTERNAL CONTROL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

MANAGEMENT'S CORRECTIVE ACTION PLAN



Corrective Action Plan - ACFR
For the Fiscal Year Ended June 30, 2022

Office of the State Controller

Finding Number 2022-101: 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 State Controller's Office acknowledges the misstatements and presentation errors identified by the auditors. 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 work with entities that we rely on for information to provide updated and correct information, including agencies that provide closing packages as well as audited financial statements. We will update coding information sheets to correct any identified errors. With new guidance being implemented we will do an extra review to validate all information required by guidance is incorporated. We will adjust internal deadlines to provide more time for thorough reviews.

The office will continue to communicate with component units to receive correct and timely information prior to the first draft.

Anticipated Corrective Action Date: The State Controller's Office will complete the corrective actions by June 30, 2023.

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 2022-102: The Office's internal review procedures did not prevent or detect the understatement of Unrestricted Net Position and the overstatement of Net Position-Restricted for Other Purposes on the Component Unit Statement of Net Position.

Related to Prior Finding: N/A

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

Corrective Action: The State Controller's Office acknowledges the errors identified by the auditors. These errors were corrected prior to the issuance of the financial statements. We updated our grouping structure to be in line with the correct reporting.

Anticipated Corrective Action Date: The State Controller's Office will complete the corrective actions by June 30, 2023.

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

Idaho State Department of Education – Superintendent of Public Instruction

Finding Number 2022-103: The Department is not properly monitoring data that supports foundation payments made to school districts and charter schools.

Related to Prior Finding: N/A

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

Corrective Action: School Finance will implement a Letter of Assurance completed by school auditors acknowledging the review of auditing recommendations set forth in the annual memo. This document will outline key areas of focus and provide reassurance that these areas are being reviewed. Specifically, a question would be included asking if auditors reviewed internal controls for data submission and verified the accuracy of staffing and student information submitted by schools during the period of audit.

While public school finance staff do currently review the audits submitted, the department will develop an additional deeper review of a small sample of district/charter school audits to verify accuracy of data reporting.

Anticipated Corrective Action Date: The Department is working on a multi-step corrective action that will be carried out from January-June 2023.

Responsible for Corrective Action: Julie Oberle
Public School Finance
Phone: (208) 332-6840
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Idaho Department of Health and Welfare

Finding Number 2022-104: The Department's internal review process did not prevent or detect errors in the Accounts Receivable closing package for the statewide ACFR.

Related to Prior Finding: N/A

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

Corrective Action: Compilation procedures and review processes will be strengthened to reduce the risk of non-compliance. Future closing packages will incorporate checklists and/or comparative analysis enhancements to mitigate the risk of inaccurate reporting of FMAP rates and other information.

Anticipated Corrective Action Date: The Department will complete the corrective actions by August 31, 2023.

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

Idaho State Tax Commission

Finding Number 2022-105: The Commission failed to report the Idaho Tax Rebate Fund restricted cash balance of $144.8 million and the related accounts payable liability.

Related to Prior Finding: N/A

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

Corrective Action: Research applicable standards and consider all reporting methods related to the changes in funding and new fund. If applicable, create a new restricted cash closing package.

Anticipated Corrective Action Date: The Commission will complete the corrective actions by June 30, 2023.

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

Finding Number 2022-106: Documentation of internal controls is not present due to lack of control process for unscheduled sales tax distribution.

Related to Prior Finding: N/A

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

Corrective Action: Strengthen controls and create documentation of control activities performed for sales tax distributions and other unscheduled distributions. Segregation of duties are in place to assist with this process.

Anticipated Corrective Action Date: The Commission will complete the corrective actions by June 30, 2023.

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

Idaho Transportation Department

Finding Number 2022-107: The Department's internal control procedures did not detect or prevent errors in reporting capital assets.

Related to Prior Finding: N/A

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

Corrective Action: The Department will correct the way we have previously reported Roadway Infrastructure capital asset activity reported on ACFR Note 6. Capital Assets over a significant number of years.

Capital Assets (12A) and Capital in Progress (13) - Roadway Infrastructure:

The new procedure will utilize the Roadway Infrastructure in-service date to determine whether or not the capital asset activity (increases and decreases) is classified as adjustments to beginning balances or current year. Most all Roadway Infrastructure projects are not completed within a single fiscal year, the in-service date will most likely be a prior fiscal year. Supporting documentation forms and procedures have been updated based on the corrective action plan.

Confirmation that the corrective action has been implemented can be verified by the shift in capital asset activity from current year (increases and decreases) to adjustments to beginning balances (balances at July 1, XXXX as restated) for assets being capitalized.

Anticipated Corrective Action Date: The Department resubmitted FY 2022 closing packages using the new corrective action plan. The Department has implemented the corrective action plan on 12/02/2022.

Responsible for Corrective Action: Bryan Brown
Financial Manager
Phone: (208) 334-4428
Email: Bryan.Brown@itd.idaho.gov

STATE OF IDAHO
INTERNAL CONTROL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SCHEDULE OF BASIC FINANCIAL STATEMENTS PRIOR FINDINGS

STATE OF IDAHO
INTERNAL CONTROL REPORT
SCHEDULE OF BASIC FINANCIAL STATEMENTS PRIOR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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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.	24
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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.	25
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.	25
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.	25
2019-104	Evidence of review for sales tax distributions and reversal reconciliations was not maintained.	26
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.	25

STATE OF IDAHO
INTERNAL CONTROL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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



Prior Findings Follow-up - ACFR
For the Fiscal Year Ended June 30, 2022

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

Current Status: Corrected

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

Current Status: Corrected

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

Current Status: Corrected

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

Current Status: Corrected

Idaho State Tax Commission

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

Current Status: Corrected

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

Current Status: Corrected

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

Current Status: Corrected

Prior year(s) findings open in FY 2022

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: Corrected

Finding Number 2019-104: Evidence of review for sales tax distributions and reversal reconciliations was not maintained.

Related to Prior Finding: N/A

Current Status: Corrected

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