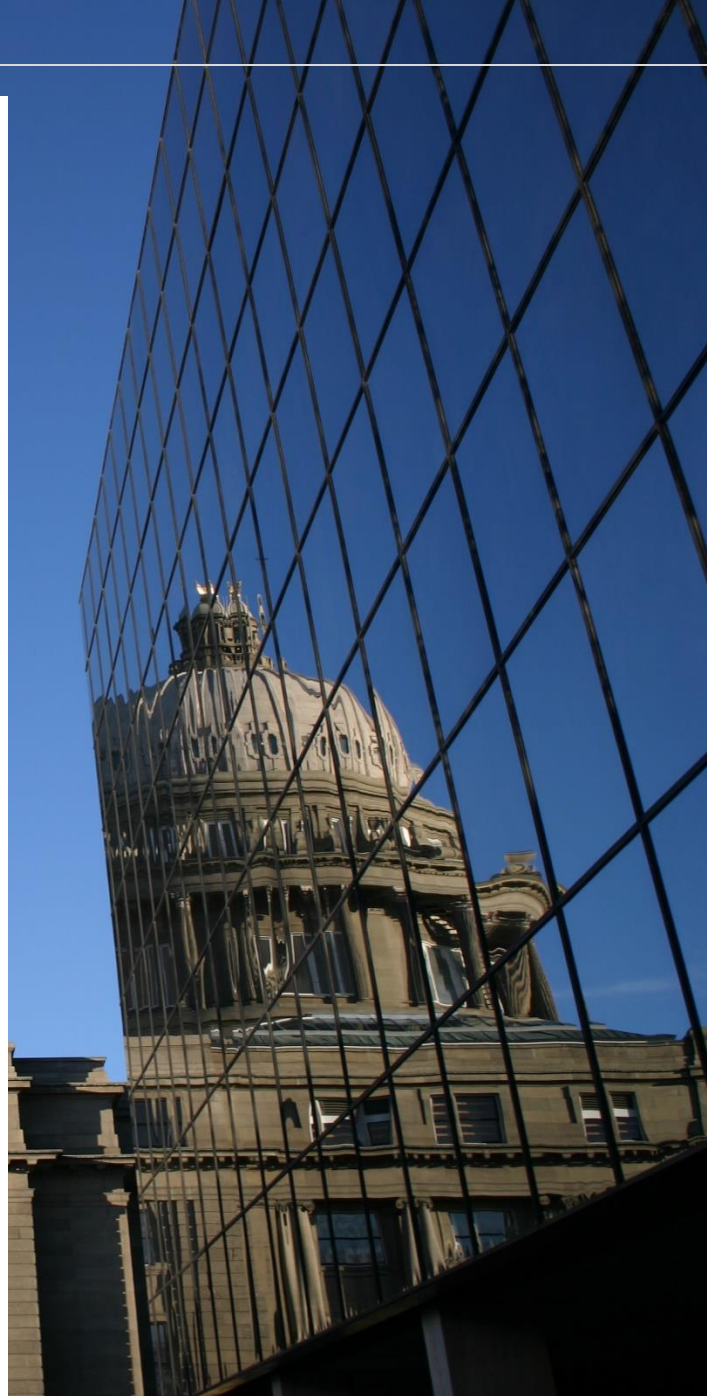


REPORT ON UNCORRECTED FINDINGS

2023



JANUARY 9, 2024

Legislative Services Office
Audits Division

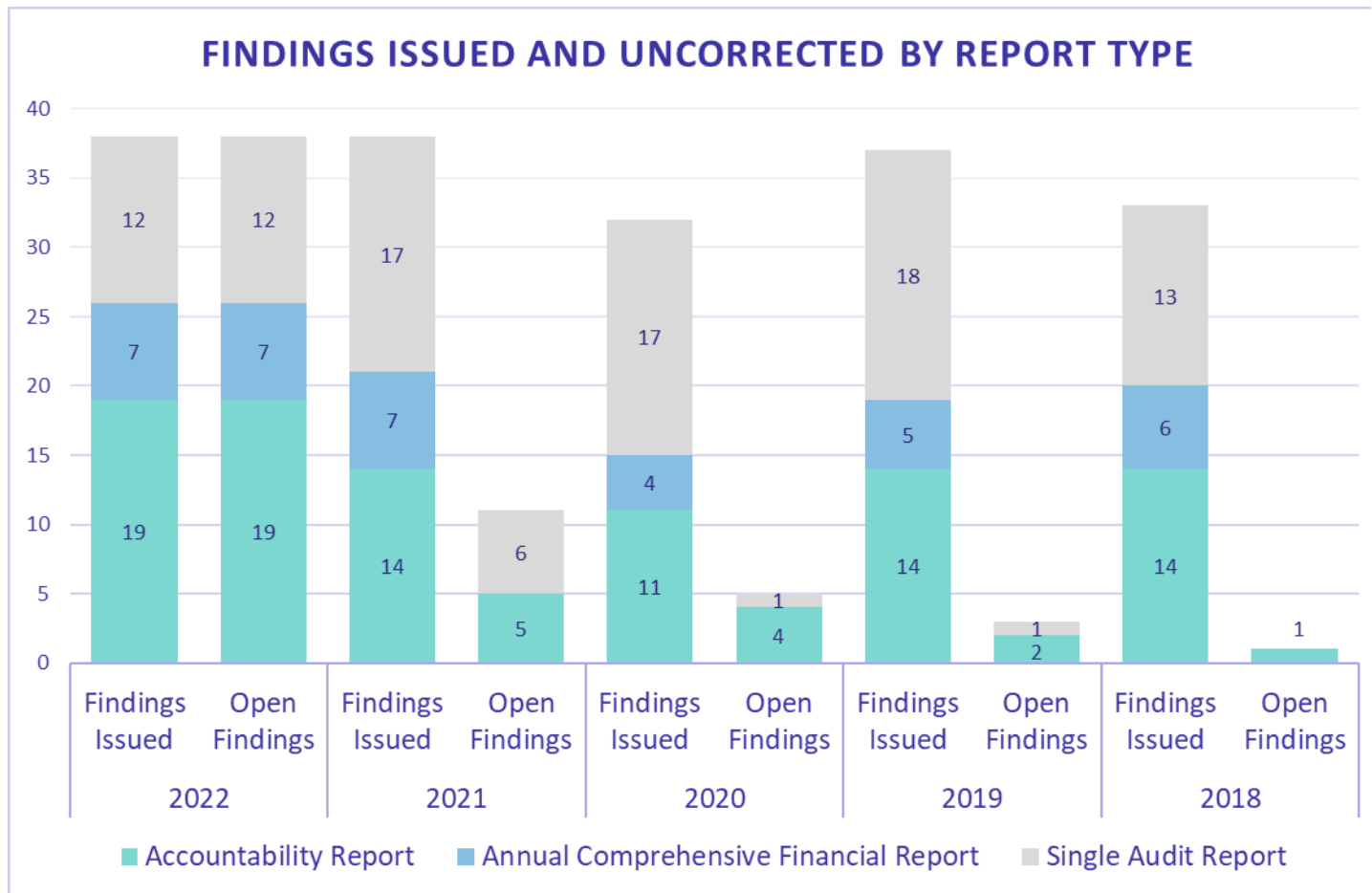
Serving Idaho's Citizen Legislature

SUMMARY

Idaho Code, Section 67-702, defines the audit function of the Legislative Services Office. Under the direction of the Legislative Council, the Legislative Services Office has the authority to perform the annual audit of the *Annual Comprehensive Financial Report (ACFR)*, the *Single Audit Report*, and Accountability Reports, formerly called management reviews, of each executive department of State government.

As part of this process, we report findings and recommendations to management that are intended to improve operations. We also ask the agency to provide a corrective action plan intended to resolve the concerns noted in the finding.

This report summarizes the findings issued in our reports that remain uncorrected. We believe this report is an important step in the audit process, providing information about agency internal control deficiencies, noncompliance, and errors or other concerns that have not been corrected, so that decision makers can consider the risks as they allocate limited resources to accomplish the overall goals of the State.



***FY 2022 accountability reports are 90% complete (19/21) and all are uncorrected because follow-up activities have not occurred as of the date of this report**

It generally takes 5 years to correct all findings from a particular audit year. Completion of corrective action plans can be an iterative time-consuming process.

OBJECTIVE

Our objective is to provide information about our audits and the findings, recommendations, and corrective action plans that result from the work we do throughout the year. This report provides a single source for all findings that remain uncorrected from reports issued through the January 5, 2024, along with any status updates we have from follow-up work completed.

BACKGROUND

We issue six types of reports each year: Accountability Reports, Special Reports, Agreed-Upon Procedures Reports, Individual Entity Opinion Reports, the statewide *Annual Comprehensive Financial Report* and *Internal Control Report*, and the statewide *Single Audit Report*. All reports issued by the Audits Division can include findings related to internal control weaknesses, substantive (financial) errors, or noncompliance. These findings are then reported utilizing five distinct elements:

- **Criteria**—Used to determine if there is a deficiency or issue to report and can be things such as applicable Idaho statutes, federal regulations, or internal control best practices
- **Condition**—Identifies the problem
- **Cause**—Describes why the condition happened, such as a lack of training or poorly designed internal control activities
- **Effect**—Provides a description of the effect which can be a misstatement to the financial information, noncompliance with state or federal requirements, inability to meet program objectives, or a weakness in internal control that could lead to other errors or increased risk
- **Recommendation**—Describes what we would like the agency to address in their corrective action plan

Agencies provide us with their views on the finding and a corrective action plan, both of which are included in its entirety in the report. The more specific and time limited the corrective action plan is the faster it can typically be resolved and ultimately corrected.

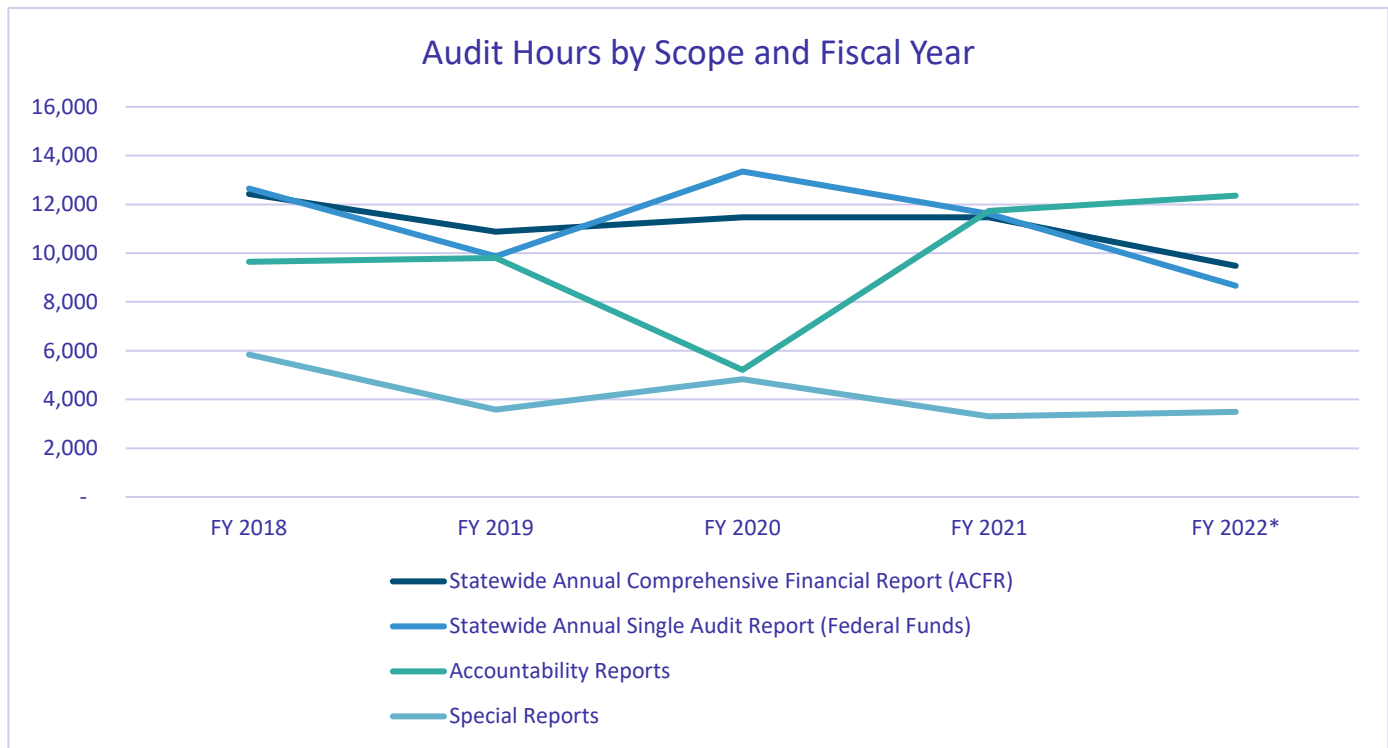
Follow-up procedures are completed for all findings issued through our reports, at different times depending on the report.

- Financial and Compliance Audits (ACFR, Single Audit Report, and Individual Entity Opinion Reports) require follow-up work completed by the agency and reviewed by the auditor for prior audit findings as part of each audit

- Accountability Reports include a Follow-Up Report that is issued at least 90 days after the original report is issued, and then at 1-year and 2-year intervals if they remain uncorrected

This report provides information only on those findings that remained uncorrected as of January 5, 2024, regardless of the type of report.

Graph 1 – Audit Hours by Report Type



*FY 2022 - 2 of 21 audits have not been issued

**X-axis represents the audit period, work is completed the following fiscal year from the audit period

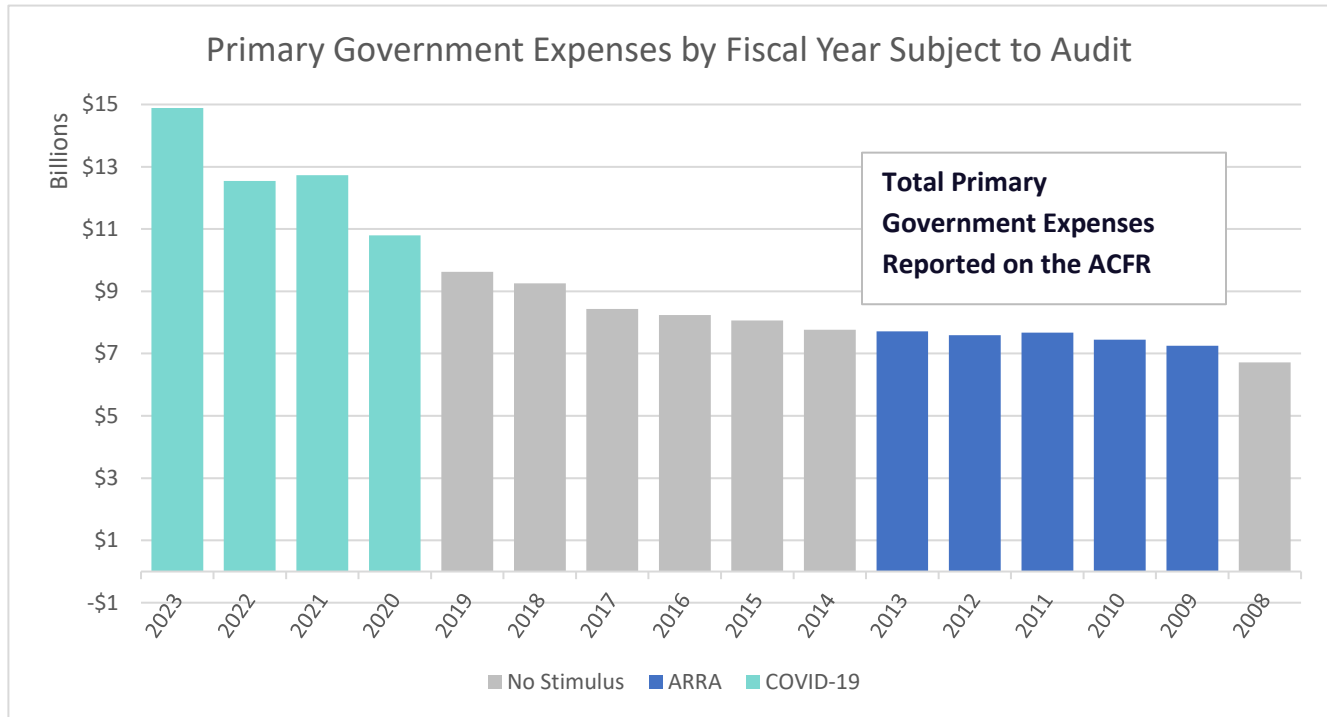
***Special reports includes Individual Entity Opinion Reports

REPORTS

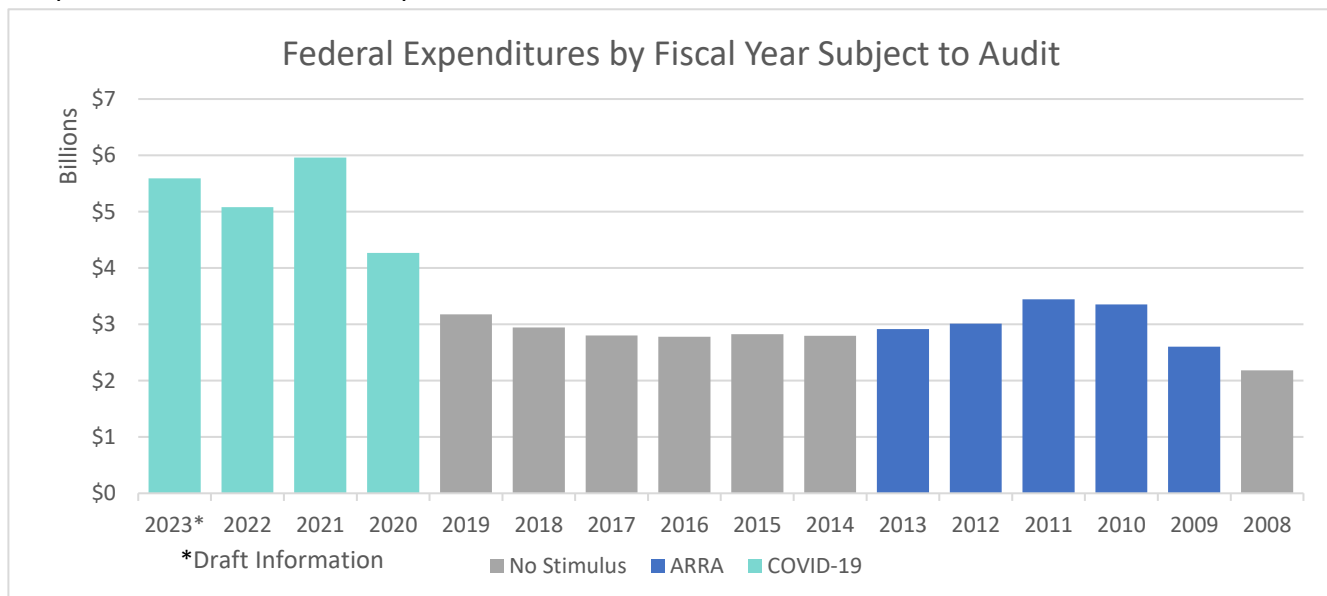
Financial and Compliance Audit Reports

Our most labor-intensive reports are issued for the statewide financial statements included in the *Annual Comprehensive Financial Report (ACFR)* and for the schedule of expenditures of federal awards (SEFA) in the *Single Audit Report*. The information provided in Graph 1 depicts the relationship of audit hours to report types. Graph 2 identifies all State expenses that are audited as part of our opinion for the ACFR. Graph 3 shows the federal expenditures audited as part of the Single Audit Report and identifies the years where additional federal stimulus was provided due to extra ordinary events that also impacts our workload and the number of findings we identify.

Graph 2 – Statewide Total Expenses



Graph 3- Statewide Federal Expenditures

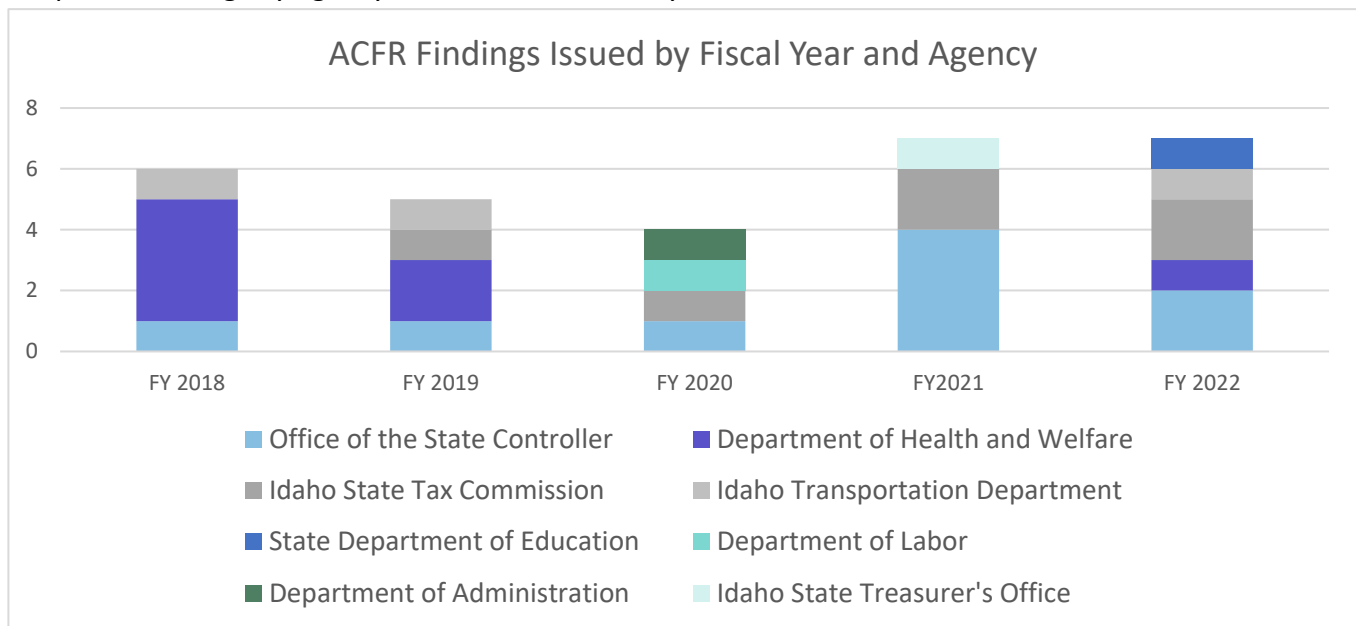


These graphs provide insight into how State expenditures have increased over time for both reports, the impact of federal assistance traditionally received, and assistance received as stimulus related to significant national or worldwide events, such as the Great Recession and the American Rescue and Recovery Act

(ARRA) and the recent COVID-19 pandemic with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), American Rescue Plan Act (ARPA) and subsequent additional funding. Federal stimulus specific to both of those events greatly increased the dollars we audited and the requirements around their use.

We typically have fewer findings related to the ACFR than the *Single Audit Report*; partially because federal guidance supplied through Uniform Guidance and the Compliance Supplement issued by the Office of Management and Budget require a closer look at internal controls and very specific compliance requirement testing. We visit agencies for the ACFR based on their contribution to material activity of the State, so certain agencies (such as the Idaho Department of Health and Welfare or the Idaho Transportation Department) are visited each year because of the significant dollars expended, and others may only be audited if they have new and material activity (such as the Office of the Governor for the CARES Act federal funding) or may not be visited at all for ACFR work because they do not contribute to those material items (such as the STEM Action Center).

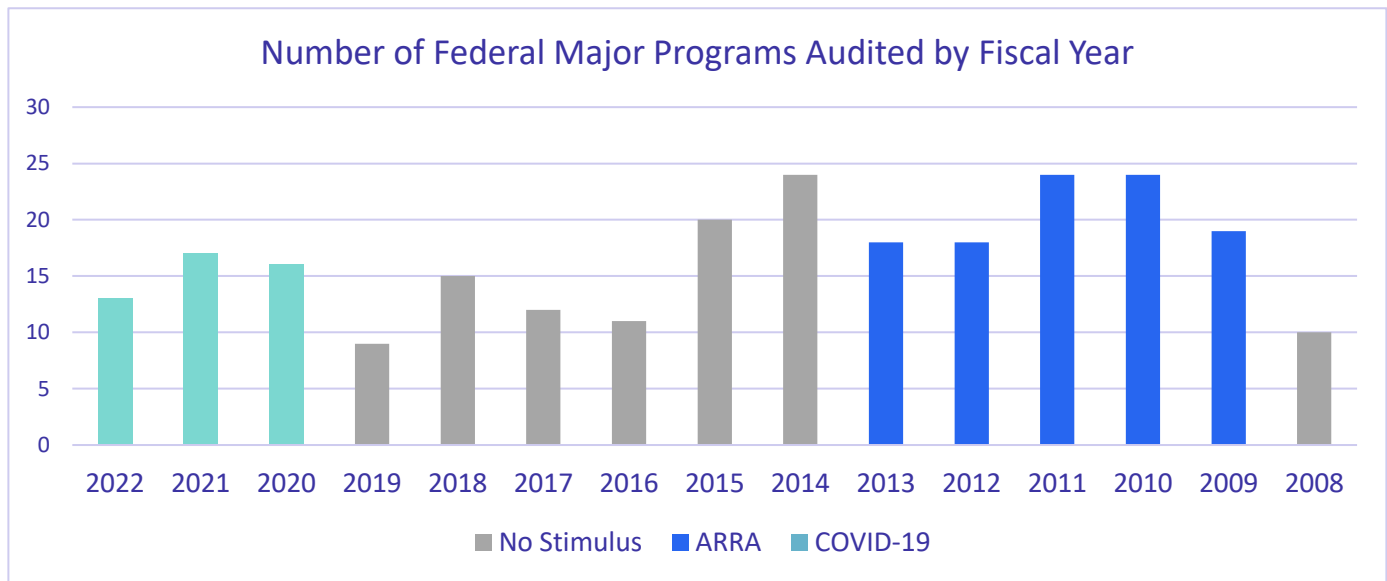
Graph 4 – Findings by agency for the ACFR Audit, by Fiscal Year



Graph 4 illustrates the agencies that are regularly audited as part of the ACFR and the finding activity over time.

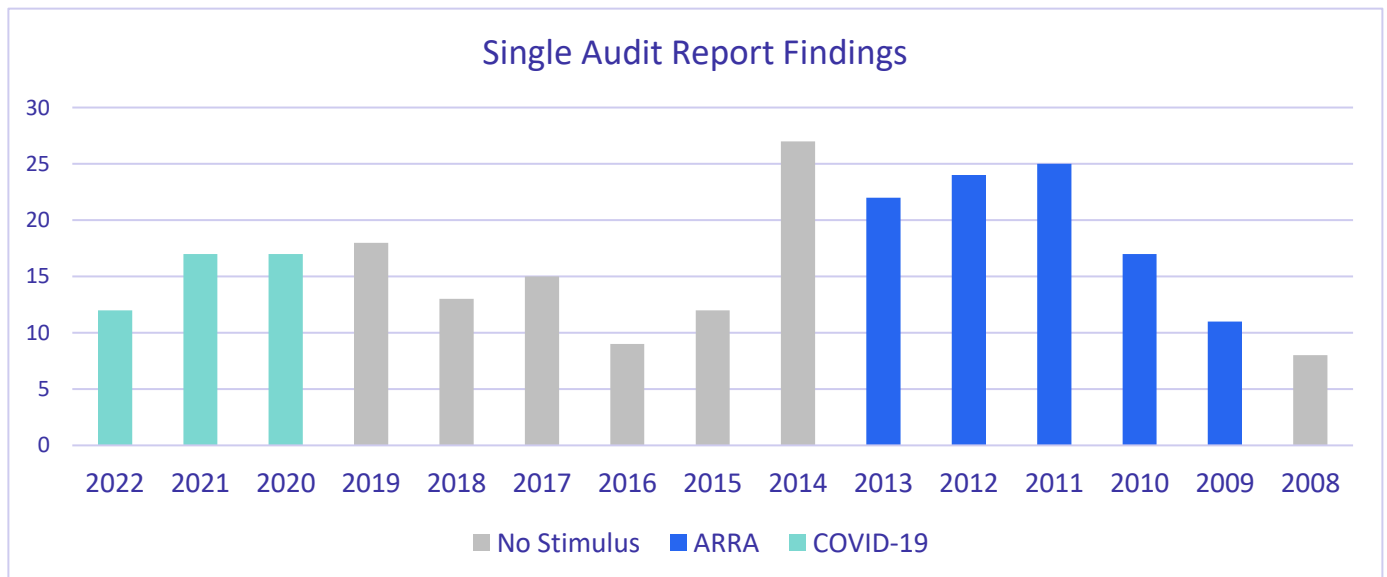
Graph 5 provides a look into the number of federal programs we are required to audit each year, but does not give the full picture as sometimes those programs are spread across more than one agency. This is especially true of the COVID-19 funding as most of it was funneled through the Office of the Governor and then distributed to various agencies, some that had never received federal funds in the past, to accomplish the goals of the program.

Graph 5-Federal Major Programs Audited



Graph 6 provides the number of findings issued over the same time for the *Single Audit Report*. Typically, more programs mean more findings. However, when we are required to select programs at agencies that have not been audited in the past, we also typically have more findings.

Graph 6-Single Audit Report Findings



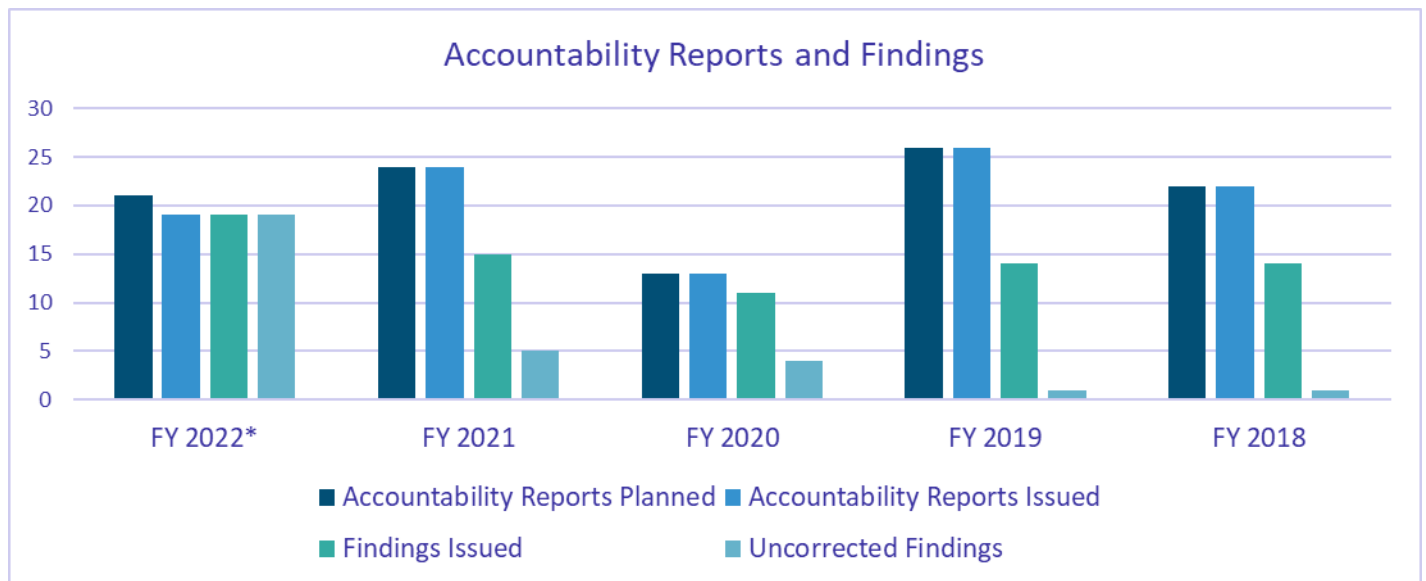
We also complete financial and compliance audits for individual entities or agencies if they are required to have one due to statutory requirements or unique funding requirements, such as Health Districts and Idaho Public Television.

Accountability Reports

These reports satisfy our statutory requirement to provide a management review of each executive department of State government at least once in a three-year period. Our primary goal is to make sure that smaller agencies, or smaller programs within larger agencies, are regularly reviewed for adequate internal controls that support accurate financial reporting, compliance with laws, rules, and regulations, and effective programs.

We average about 22 Accountability Reports each year. Fieldwork begins in February or March and covers financial activity through the previous fiscal year ended June 30. Work usually wraps up around September, with a goal to have all reports issued before the legislative session begins in January.

Graph 7—Accountability Reports Planned and Issued and Number of Findings Reported



Graph 7 is as of January 5, 2024. When interpreting this information, it is important to keep in mind that the uncorrected findings have remained uncorrected since the report was issued. For example, of the 11 findings we included in 13 reports issued for fiscal year 2020 activity, as of January 5, 2024, 4 (31 percent) of those findings remain uncorrected. Findings can remain uncorrected for a variety of reasons, such as timing issues, a lack of resources, lack of training, lack of knowledgeable staff, or because the original corrective action plan was inappropriate or inadequate to address the finding. We address these reasons when we complete follow-up procedures either for Follow-Up Reports or as part of the current Accountability Report for the agency.

Agreed-Upon Procedures Reports

These reports are provided at the request of specific agencies and are attestation engagements completed in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and Government Auditing Standards issued by the Comptroller General of the United States. The purpose of these reports is to describe the procedures performed as listed and the associated findings. We do not have any uncorrected findings related to these reports.

UNCORRECTED FINDINGS

Table 1 provides the distribution of uncorrected findings by agency. These findings come from the ACFR *Internal Control Report*, the *Single Audit Report*, or Accountability Reports. Table 2 provides finding details.

Table 1—Uncorrected Findings by Agency and Fiscal Year

Agency	2022	2021	2020	2019	2018	Total by Agency
Idaho Commission on Aging	2					2
Idaho Commission on the Arts	1					1
Office of the State Controller	4					4
Department of Correction		1			1	2
State Board of Education	1	1				2
Department of Education	3	2				5
Division of Career Technical Education	1		1			2
Idaho Office of Energy and Mineral Resources	2					2
Idaho Department of Fish & Game	1		1			2
Office of the Governor		1				1
Department of Health & Welfare	14	2				16
Department of Juvenile Corrections	1					1
Idaho State Liquor Division	1					1
Military Division		1				1
Idaho Division of Occupational and Professional Licenses		1				1
Idaho Commission on Pardons and Parole		1				1
Idaho Board of Tax Appeals	3					3
Idaho State Tax Commission	2					2
Idaho Stem Action Center	1					1
Idaho Transportation Department	1	1				2
Industrial Commission			1			1
Lava Hot Springs			1			1
Potato Commission				1		1
Idaho Division of Vocational Rehabilitation				1		1
Department of Water Resources				1		1
South Central Public Health District			1			1
Totals	38	11	5	3	1	58

Table 2—Uncorrected Finding Detailed Information

REPORT AND FINDING #	FINDING TITLE	FINDING STATUS	REPORT REFERENCE
Idaho Commission on Aging			
FY 2022 Single Audit Report Finding 201	The Commission did not complete the required Federal Financial SF-425 Report for the Aging Cluster Grant program in a timely manner.	UNCORRECTED	FY 2022 Statewide Single Audit – Idaho State Legislature
FY 2022 Single Audit Report Finding 202	The Commission did not complete required reports for the Federal Funding Accountability and Transparency Act (FFATA).	UNCORRECTED	FY 2022 Statewide Single Audit – Idaho State Legislature
Idaho Commission on the Arts			
FY 2022 Finding 1	The Department does not have adequate controls in place to ensure the safeguarding of assets related to the inmate checking and savings accounts.	UNCORRECTED	Accountability Report FY 2022 Idaho Commission on the Arts
Office of the State Controller			
FY 2022 Internal Control Report Finding 101	The Office’s internal review process did not prevent or detect misstatements in the statewide ACFR submitted to the auditors.	UNCORRECTED	FY 2022 ACFR & Internal Control Reports – Idaho State Legislature
FY 2022 Internal Control Report Finding 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.	UNCORRECTED	FY 2022 ACFR & Internal Control Reports – Idaho State Legislature
FY 2022 Single Audit Report Finding 203	Errors in the elimination process for federal grants between State agencies resulted in misstatements to the Schedule of Expenditures of Federal Awards (SEFA) totaling \$14,656,928 for direct awards and \$14,278,362 provided to subrecipients.	UNCORRECTED	FY 2022 Statewide Single Audit – Idaho State Legislature
FY 2022 Single Audit Report Finding 204	COVID-19 funds in the amount of \$196,247,971 were not properly identified on the statewide Schedule of Expenditures of Federal Awards (SEFA), as required.	UNCORRECTED	FY 2022 Statewide Single Audit – Idaho State Legislature

Department of Correction			
FY 2018 Finding 2 FY 2021 Finding 2	The Department does not have adequate controls in place to ensure the safeguarding of assets related to the inmate checking and savings accounts.	UNCORRECTED	Accountability Report FY 2018 Correction
State Board of Education			
FY 2021 Single Audit Report Finding 202	The Board underreported federal expenditures by \$11,316,783 across three federal programs when completing the Schedule of Expenditures of Federal Awards (SEFA).	PARTIALLY CORRECTED	FY 2021 Statewide Single Audit – Idaho State Legislature
FY 2022 Finding 1	The lease receivable closing package was not completed as required.	UNCORRECTED	Accountability Report FY 2022 State Board of Education
State Department of Education			
FY 2021 Finding 1	The Department is not properly monitoring data that supports foundation payments made to school districts and charter schools.	UNCORRECTED	Accountability Report FY 2021 Education
FY 2021 Single Audit Report Finding 204	The Department did not complete subrecipient monitoring of the Elementary and Secondary School Emergency Relief (ESSER) Fund.	PARTIALLY CORRECTED	FY 2021 Statewide Single Audit – Idaho State Legislature
FY 2022 Internal Control Report Finding 103	The Department is not properly monitoring data that supports foundation payments made to school districts and charter schools.	UNCORRECTED	FY 2022 ACFR & Internal Control Reports – Idaho State Legislature
FY 2022 Single Audit Report Finding 206	The Department did not complete required subrecipient monitoring of the Elementary and Secondary School Emergency Relief (ESSER) Fund of the Education Stabilization Fund.	UNCORRECTED	FY 2022 Statewide Single Audit – Idaho State Legislature
Division of Career Technical Education			
FY 2020 Single Audit Report Finding 203	The Division does not perform subrecipient risk assessments or monitor subrecipient activities as required for the Career and Technical Education (Perkins V) grant.	PARTIALLY CORRECTED	FY 2020 Statewide Single Audit – Idaho State Legislature

Division of Career Technical Education			
FY 2022 Finding 1	Supporting documentation was unavailable or inadequate for several travel expenditures examined during the review.	UNCORRECTED	Accountability Report FY 2022 Division of Career Technical Education
Idaho Office of Energy Resources and Mineral Resources			
FY 2022 Finding 1	Internal controls intended to ensure receipts are recorded properly are not consistently applied.	UNCORRECTED	Accountability Report Idaho Office of Energy Resources
FY 2022 Finding 2	Supporting documentation was unavailable or inadequate for several expenditures examined during the review.	UNCORRECTED	Accountability Report Idaho Office of Energy Resources
Idaho Department of Fish & Game			
FY 2020 Finding 1	Travel expenditures were not properly documented in accordance with the State Travel Policy.	UNCORRECTED	Accountability Report FY 2020 Fish and Game
FY 2022 Single Audit Report Finding 207	The amount reported as passed through to subrecipients on the Schedule of Expenditures of Federal Awards (SEFA) closing package was overstated by \$331,500.	UNCORRECTED	FY 2022 Statewide Single Audit – Idaho State Legislature
Office of the Governor			
FY 2021 Single Audit Report Finding 205	Quarterly Financial Progress Reports for the Coronavirus Relief Fund (CRF) contained inaccuracies.	UNCORRECTED	FY 2021 Statewide Single Audit – Idaho State Legislature
Department of Health & Welfare			
FY 2021 Single Audit Report Finding 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.	PARTIALLY CORRECTED	FY 2021 Statewide Single Audit – Idaho State Legislature
FY 2021 Single Audit Report Finding 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).	PARTIALLY CORRECTED	FY 2021 Statewide Single Audit – Idaho State Legislature

Department of Health & Welfare			
FY 2022 Internal Control Report Finding 104	The Department's internal review process did not prevent or detect errors in the Accounts Receivable closing package for the statewide ACFR.	UNCORRECTED	FY 2022 ACFR & Internal Control Reports – Idaho State Legislature
FY 2022 Single Audit Report Finding 208	State Opioid Response program performance progress reports did not have documentation to support completion of a review for accuracy and compliance prior to submission.	UNCORRECTED	FY 2022 Statewide Single Audit – Idaho State Legislature
FY 2022 Single Audit Report Finding 209	An annual physical inventory was not completed for all storage facilities used by subdistributing agencies for the Emergency Food Assistance Program as required by federal guidance.	UNCORRECTED	FY 2022 Statewide Single Audit – Idaho State Legislature
FY 2022 Single Audit Report Finding 210	The Department did not review subrecipient application information for Coronavirus State and Local Fiscal Recovery Funds at a sufficient level to identify missing information from required documentation.	UNCORRECTED	FY 2022 Statewide Single Audit – Idaho State Legislature
FY 2022 Single Audit Report Finding 211	The Schedule of Expenditures of Federal Awards (SEFA) closing package originally submitted to the Office of the State Controller did not properly identify COVID-19 Emergency Acts expenditures for multiple programs.	UNCORRECTED	FY 2022 Statewide Single Audit – Idaho State Legislature
FY 2022 Single Audit Report Finding 212	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).	UNCORRECTED	FY 2022 Statewide Single Audit – Idaho State Legislature
FY 2022 Finding 1	The Department did not maintain sufficient documentation to support award decisions for the Community Partners Grants.	UNCORRECTED	Accountability Report FY 2022 Idaho Department of Health and Welfare

Department of Health & Welfare

FY 2022 Finding 2	Some Community Partners Grant recipients received more than the maximum amount allowed by statute through the submission and approval of multiple applications using variations of the entity name while relying on the same tax identification number, address, and phone number.	UNCORRECTED	Accountability Report FY 2022 Idaho Department of Health and Welfare
FY 2022 Finding 3	The Department did not provide evidence that they ensured compliance with age requirements for the Community Partners Grants awarded, as required by the legislative appropriation bills.	UNCORRECTED	Accountability Report FY 2022 Idaho Department of Health and Welfare
FY 2022 Finding 4	The Department did not properly review applications for the Community Partners Grants to ensure that ineligible expenses were not included in the applicants' budget plan, nor did they document an identification or correction of these ineligible expenses prior to approval and distribution of funds.	UNCORRECTED	Accountability Report FY 2022 Idaho Department of Health and Welfare
FY 2022 Finding 5	Status reports required to be submitted by the Community Partners Grant recipients were inadequate to ensure funds were spent in accordance with the requirements of the program.	UNCORRECTED	Accountability Report FY 2022 Idaho Department of Health and Welfare
FY 2022 Finding 6	The Department did not properly document award decisions related to coverage areas identified by the applicant for the Community Partners Grant recipients to ensure the areas identified, and thus the funding provided, were appropriate.	UNCORRECTED	Accountability Report FY 2022 Idaho Department of Health and Welfare
FY 2022 Finding 7	The payments distributed by the Department for phase 1 of the Community Partners Grant exceeded the \$36,000,000 appropriation for fiscal year 2022 by \$427,350.	UNCORRECTED	Accountability Report FY 2022 Idaho Department of Health and Welfare

Department of Health & Welfare			
FY 2022 Finding 8	Payments to Community Partners Grant recipients were not made on time, in accordance with statutory requirements, for a total of four out of seven required payment periods in fiscal year 2022 and fiscal year 2023.	UNCORRECTED	Accountability Report FY 2022 Idaho Department of Health and Welfare
Idaho Department of Juvenile Corrections			
FY 2022 Finding 1	The Department's policy on fleet management was not followed for 5 of the 12 vehicles tested related to the completion of the vehicle master log file.	UNCORRECTED	Accountability Report FY 2022 Idaho Department of Juvenile Corrections
Idaho State Liquor Division			
FY 2022 Finding 1	The Division does not have written procedures and could not provide documentation to support the process used for allocating rare liquor purchases.	UNCORRECTED	Accountability Report FY 2022 Idaho State Liquor Division
Idaho Military Division			
FY 2021 Finding 2	Construction in progress closing package in fiscal year 2020 was overstated by \$4,631,621 and no documentation was available to support the fiscal year 2021 reported amounts.	UNCORRECTED	Accountability Report FY 2022 Idaho Military Division
Idaho Division of Occupational and Professional Licenses			
FY 2021 Finding 1	The cash balances for the Real Estate Commission, Division of Building Safety, and Board of Medicine exceeds reserves necessary for normal operating cash needs.	UNCORRECTED	Accountability Report FY 2022 Division of Occupational and Professional Licenses
Idaho Commission of Pardons and Parole			
FY 2021 Finding 1	The Commission lacked adequately documented internal controls over Interstate Compact bond receipts and refunds, general expenditures, and fund reconciliations.	UNCORRECTED	Accountability Reports FY 2021 Commission of Pardons and Parole

Idaho Board of Tax Appeals			
FY 2022 Finding 1	The Board did not include all travel related expenditures on a travel voucher.	UNCORRECTED	Accountability Report FY 2022 Idaho Board of Tax Appeals
FY 2022 Finding 2	Evidence of two board members' signatures on a final tax appeal decision was not maintained.	UNCORRECTED	Accountability Report FY 2022 Idaho Board of Tax Appeals
FY 2022 Finding 3	A P-Card expenditure did not have documented approval or proper segregation of duties.	UNCORRECTED	Accountability Report FY 2022 Idaho Board of Tax Appeals
Idaho State Tax Commission			
FY 2022 Internal Control Report Finding 105	The Commission failed to report the Idaho Tax Rebate Fund restricted cash balance of \$144.8 million and the related accounts payable liability.	UNCORRECTED	FY 2022 ACFR & Internal Control Reports – Idaho State Legislature
FY 2022 Internal Control Report Finding 106	Documentation of internal controls is not present due to lack of control process for unscheduled sales tax distribution.	UNCORRECTED	FY 2022 ACFR & Internal Control Reports – Idaho State Legislature
Idaho STEM Action Center			
FY 2022 Finding 1	The internal review process did not identify errors in the Schedule of Expenditures of Federal Awards (SEFA).	UNCORRECTED	Accountability Report FY 2022 Idaho STEM Action Center
Idaho Transportation Department			
FY 2021 Single Audit Report Finding 217	The salaries and benefits costs for employees working on multiple federal grants are not supported by personnel activity reports or another approved system.	UNCORRECTED	FY 2021 Statewide Single Audit – Idaho State Legislature
FY 2022 Internal Control Report Finding 107	The Department's internal control procedures did not detect or prevent errors in reporting capital assets.	UNCORRECTED	FY 2022 ACFR & Internal Control Reports – Idaho State Legislature
Industrial Commission			
FY 2020 Finding 1	The fiscal year 2020 Crime Victims Compensation Fund – Restitution accounts receivable closing package was overstated by \$6.6 million.	UNCORRECTED	Accountability Report FY 2020 Industrial Commission
Lava Hot Springs Foundation			
FY 2020 Finding 1	Advertising expenditures totaling \$136,546 were made in violation of State purchasing policies.	PARTIALLY CORRECTED	Accountability Report FY 2020 Lava Hot Springs

Potato Commission			
FY 2019 Single Audit Report Finding 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.	PARTIALLY CORRECTED	FY 2019 Statewide Single Audit – Idaho State Legislature
Division of Vocational Rehabilitation			
FY 2019 Finding 1	Supporting documentation for travel expenditures was not maintained in accordance with the State Travel Policy.	PARTIALLY CORRECTED	Accountability Report FY 2019 Vocational Rehabilitation
Department of Water Resources			
FY 2019 Finding 2	The water supply bank receipt and payment transactions lacked documentation of independent reviews.	UNCORRECTED	Accountability Report FY 2019 Department of Water Resources
South Central Public Health District (V)			
Individual Entity Opinion Report Finding 1	Multiple misstatements were identified in the amounts and rates reported on the financial statements, notes to the financial statements, and notes to the Schedule of Expenditures of Federal Awards (SEFA).	UNCORRECTED	Financial Audit FY 2019-2020 Health District V

CONCLUSION

Follow-up Reports for Accountability Reports and the prior finding sections of the *Internal Control Report* and the *Single Audit Report* provide additional information about why these findings have remained uncorrected or partially corrected. We continue to work with agencies to refine both recommendations and corrective action plans to ensure that those plans will address the concern, while improving operations and the reliability of the financial information provided by the State.

For more information about this report, or any audits we perform, visit our website at www.legislature.idaho.gov/lso/audit, email us at auditcontact@lso.idaho.gov, or call us at 208-334-4875.



Legislative Services Office

P.O. Box 83720
Boise, ID 83720-0054
P: 208-334-2475