# Single
# Audit Report

*For the Fiscal Year Ended June 30, 2013*

# State of Idaho

*Legislative Services Office – Audits Division*



# Legislative Services Office
## Idaho State Legislature

*Serving Idaho's Citizen Legislature*

**Jeff Youtz**
**Director**

March 28, 2014

Honorable C.L. "Butch" Otter, Governor
Honorable Members of the Idaho State Legislature
Honorable Brandon D. Woolf, State Controller

We are pleased to submit the statewide *Single Audit* of the State of Idaho covering the fiscal year ended June 30, 2013. This report complies with the audit requirements placed on the State of Idaho as a condition for receiving $2,918,350,824 in federal assistance (colleges and universities, Idaho Housing and Finance Association, and Idaho Individual High Risk Reinsurance Pool are reported separately).

Idaho does a good job administering its federal funds in compliance with applicable laws and regulations. Questioned costs for fiscal year 2013 totaled $3,783,597 known, and $4,416,228 likely, although several issues are reported for which questioned costs could not be determined.

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

- To improve the financial management of state and local governments with respect to federal financial assistance programs through improved auditing.
- To establish uniform requirements for audits of federal financial assistance provided to state and local governments.
- To promote the efficient and effective use of audit resources.
- To ensure that federal departments and agencies, to the maximum extent practicable, rely on and use audit work performed pursuant to the requirements of the Single Audit Act.

The Office of Management and Budget (OMB) *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, was issued to facilitate the implementation of the Single Audit Act as amended in 1996. OMB *Circular A-133* places the responsibility for identifying major programs to audit on the auditor. A risk-based approach, which considers current and prior audit experience, federal oversight, and inherent risk, is used to identify major programs. All audit issues are in the section entitled "Auditor's Results." Internal control weaknesses and compliance issues related to federal awards are included in the subsection entitled "Federal Findings and Questioned Costs." Internal control weaknesses and compliance issues related to the basic financial statements are included in the subsection entitled "State Findings and Recommendations."

**Mike Nugent, Manager**
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This document contains the following reports and schedules:

- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

- Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB *Circular A-133.*

- Schedules of Expenditures of Federal Awards.

- Auditor's Results (Schedules of Current and Prior Federal Findings and Questioned Costs, as well as Current and Prior State Findings and Recommendations).

The complete *Comprehensive Annual Financial Report* (*CAFR*), which includes the State's basic financial statements, can be obtained from the Idaho Office of the State Controller (208-334-3100) or accessed on its website at www.sco.idaho.gov.

Sincerely,



April Renfro, CPA, Manager
Legislative Audits Division

**STATE OF IDAHO**
**SINGLE AUDIT REPORT**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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



# Legislative Services Office
# Idaho State Legislature

*Serving Idaho's Citizen Legislature*

**Jeff Youtz**
**Director**

December 23, 2013

**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***

Honorable C.L. "Butch" Otter, Governor
Honorable Members of the Legislature
Honorable Brandon D. Woolf, State Controller

We have audited, in accordance with the 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, 2013, and the related notes to the financial statements, which collectively comprise the State of Idaho's basic financial statements, and have issued our report thereon dated December 23, 2013. Our report includes a reference to other auditors who audited the financial statements of Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, University of Idaho and their respective component units, Idaho Dairy Products Commission, Idaho State Bar, Idaho Wheat Commission, Endowment Fund Investment Board, State Lottery Commission, Public Employee Retirement System of Idaho, Public Employees' Deferred Compensation Plan, Idaho Judges' Retirement Fund, IDeal Idaho College Savings Program, Idaho Individual Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Idaho State Building Authority, Idaho Bond Bank Authority, and 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 the Eastern Idaho Technical College Foundation, Lewis-Clark State College Foundation, Boise State University Foundation, Idaho State University Foundation, and the Public Employees' Deferred Compensation Plan 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) to determine the 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.

Our consideration of internal control 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 were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses: 2013-106 and 2013-107.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies: 2013-101, 2013-102, 2013-104, and 2013-105.

**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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items: 2013-103.

**State of Idaho's Responses to Findings**

The State of Idaho's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The State of Idaho's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



April Renfro, CPA, Manager
Legislative Audits Division



# Legislative Services Office
## Idaho State Legislature

*Serving Idaho's Citizen Legislature*

**Jeff Youtz**
**Director**

March 28, 2014
December 23, 2013

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB *Circular A-133***

Honorable C.L. "Butch" Otter, Governor
Honorable Members of the Legislature
Honorable Brandon D. Woolf, State Controller

**Report on Compliance for Each Major Federal Program**
We have audited the State of Idaho's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the State of Idaho's major federal programs for the year ended June 30, 2013. The State of Idaho's major federal programs are identified in the Schedule of Major Federal Programs in the Auditor's Results section.

The State of Idaho's basic financial statements include the operations of Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, University of Idaho, Idaho Housing and Finance Association, and Idaho Individual High Risk Reinsurance Pool, which received a combined $1,048,484,745 in federal awards, which is not included in the Schedule of Expenditures of Federal Awards during the year ended June 30, 2013. Our audit, described below, did not include the operations of the Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, University of Idaho, Idaho Housing and Finance Association, and Idaho Individual High Risk Reinsurance Pool because these entities engaged other auditors to perform an audit in accordance with OMB *Circular A-133*.

***Management's Responsibility***
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***
Our responsibility is to express an opinion on compliance for each of the State of Idaho's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB *Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Idaho's compliance.

***Basis for Qualified Opinion on Rehabilitation Services – Vocational Rehabilitation Grants to States, Capitalization Grants for Drinking Water State Revolving Fund, and Temporary Assistance for Needy Families Cluster***
As described in Findings 2013-201, 2013-203, 2013-204, 2013-209, and 2013-226 in the accompanying Schedule of Federal Findings and Questions Costs, the State of Idaho did not comply with requirements regarding the following:

| Finding Number | CFDA Number | Program Name Cluster | Compliance Requirement |
|---|---|---|---|
| 2013-201 | 84.126 | Rehabilitation Services – Vocational Rehabilitation Services Grants to States | Reporting |
| 2013-203 | 84.126 | Rehabilitation Services – Vocational Rehabilitation Services Grants to States | Procurement and Suspension and Debarment |
| 2013-204 | 66.468 | ARRA – Capitalization Grants for Drinking Water State Revolving Funds | Matching, Level of Effort, Earmarking |
| 2013-209 | 93.558<br>93.716 | Temporary Assistance for Needy Families Cluster | Period of Availability of Federal Funds |
| 2013-226 | 84.126 | Rehabilitation Services – Vocational Rehabilitation Services Grants to States | Matching, Level of Effort, Earmarking |

Compliance with such requirements is necessary, in our opinion, for the State of Idaho to comply with the requirements applicable to that program.

***Qualified Opinion on Rehabilitation Services – Vocational Rehabilitation Grants to States, Capitalization Grants for Drinking Water State Revolving Fund, and Temporary Assistance for Needy Families Cluster***
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Idaho complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Rehabilitation Services – Vocational Rehabilitation Grants to States, Capitalization Grants for Drinking Water State Revolving Fund, and Temporary Assistance for Needy Families Cluster for the year ended June 30, 2013.

***Unmodified Opinion on Each of the Other Major Federal Programs***
In our opinion, the State of Idaho complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2013.

***Other Matters***
The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB *Circular A-133* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-202, 2013-205, 2013-206, 2013-207, 2013-208, 2013-210, 2013-211, 2013-212, 2013-213, 2013-214, 2013-215, 2013-216, 2013-217, 2013-218, 2013-219, 2013-221, 2013-222, 2013-223, 2013-224, and 2013-225. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**
Management of the State of Idaho is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Idaho's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB *Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Idaho's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-201, 2013-203, 2013-204, 2013-209, 2013-224, and 2013-225 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-202, 2013-205, 2013-206, 2013-207, 2013-208, 2013-210, 2013-211, 2013-212, 2013-213, 2013-214, 2013-215, 2013-216, 2013-217, 2013-218, 2013-219, 2013-220, 2013-221, 2013-222, and 2013-223 to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB *Circular A-133*. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB *Circular A-133***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State of Idaho's basic financial statements. We issued our report thereon dated December 23, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB *Circular A-133* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sincerely,

April Renfro

April Renfro, CPA, Manager
Legislative Audits Division

# STATE OF IDAHO
# SINGLE AUDIT REPORT
# FOR THE FISCAL YEAR ENDED JUNE 30, 2013

## SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

# SCHEDULE
# OF
# EXPENDITURES OF FEDERAL AWARDS
# BY FEDERAL AGENCY

**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY FEDERAL AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | FEDERAL AGENCY<br>FEDERAL PROGRAM TITLE | STATE AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **DEPARTMENT OF AGRICULTURE** | | | |
| | SNAP CLUSTER: | | | |
| 10.551 | Supplemental Nutrition Assistance Program (SNAP) | Health and Welfare, Department of | $350,139,640 | NC |
| 10.561 | State Administrative Matching Grants - Supplemental Nutrition Assist. Program | Health and Welfare, Department of | 10,416,761 | |
| | TOTAL SNAP CLUSTER | | $360,556,401 | |
| | CHILD NUTRITION CLUSTER: | | | |
| 10.553 | School Breakfast Program | Superintendent of Public Instruction | $16,497,122 | |
| 10.555 | National School Lunch Program | Superintendent of Public Instruction | 6,358,500 | NC |
| 10.555 | National School Lunch Program | Superintendent of Public Instruction | 49,445,827 | |
| 10.556 | Special Milk Program for Children | Superintendent of Public Instruction | 163,128 | |
| 10.559 | Summer Food Service Program for Children | Superintendent of Public Instruction | 4,372,709 | |
| | TOTAL CHILD NUTRITION CLUSTER | | $76,837,286 | |
| | FOOD DISTRIBUTION CLUSTER: | | | |
| 10.568 | Emergency Food Assistance Program (Administrative Costs) | Health and Welfare, Department of | $279,238 | |
| 10.569 | Emergency Food Assistance Program (Food Commodities) | Health and Welfare, Department of | 3,661,809 | NC |
| | TOTAL FOOD DISTRIBUTION CLUSTER | | $3,941,047 | |
| | NON-CLUSTERED PROGRAMS: | | | |
| 10.025 | Plant and Animal Disease, Pest Control, and Animal Care | Agriculture, Department of | $959,197 | |
| 10.025 | Plant and Animal Disease, Pest Control, and Animal Care | Fish and Game, Department of | 360 | |
| 10.064 | Forestry Incentives Program | Lands, Department of | 30,627 | |
| 10.093 | Miscellaneous Commodity Credit Corporation | Fish and Game, Department of | 283,388 | |
| 10.162 | Inspection Grading and Standardization | Agriculture, Department of | 61,795 | |
| 10.163 | Market Protection and Promotion | Agriculture, Department of | 38,828 | |
| 10.170 | Specialty Crop Block Grant Program - Farm Bill<br>Resarch and Development Cluster; Agricultural Marketing Service | Agriculture, Department of | 936,578 | R&D |
| 10.171 | Organic Certification Cost Share Programs | Agriculture, Department of | 100,000 | |
| 10.557 | Supplemental Nutrition for Women, Infants, and Children (WIC) | Health and Welfare, Department of | 28,889,958 | |
| 10.558 | Child and Adult Care Food Program | Superintendent of Public Instruction | 6,893,244 | |
| 10.560 | State Administrative Expenses for Child Nutrition | Superintendent of Public Instruction | 1,291,646 | |
| 10.574 | Team Nutrition Grants | Superintendent of Public Instruction | 228,514 | |
| 10.578 | WIC Grants to States | Health and Welfare, Department of | 699,508 | |
| 10.579 | Child Nutrition Discretionary Grants Limited Availability | Superintendent of Public Instruction | 244,171 | |
| 10.582 | Fresh Fruit and Vegetable Program | Superintendent of Public Instruction | 1,888,874 | |
| 10.604 | Technical Assistance for Specialty Crops | Agriculture, Department of | 71,069 | |
| 10.664 | Cooperative Forestry Assistance | Agriculture, Department of | 233,297 | |
| 10.664 | Cooperative Forestry Assistance | Lands, Department of | 3,055,303 | |
| 10.672 | Rural Development, Forestry, and Communities | Lands, Department of | 27,283 | |
| 10.676 | Forest Legacy Program | Lands, Department of | 67,177 | |
| 10.680 | Forest Health Protection | Agriculture, Department of | 81,416 | |
| 10.680 | Forest Health Protection | Lands, Department of | 274,864 | |
| 10.688 | ARRA - Wildland Fire Management | Agriculture, Department of | 1,122,282 | |
| 10.688 | ARRA - Wildland Fire Management | Lands, Department of | 84,038 | |
| 10.861 | Public Television Station Digital Transition Grant Program | Public Television, Idaho | 357,223 | |
| 10.902 | Soil & Water Conservation | Soil & Water Conservation Commission | 80,000 | |
| 10.902 | Soil & Water Conservation | Water Resources, Department of | 15,576 | |
| 10.912 | Environmental Quality Incentives | Transportation Department, Idaho | 227,341 | |
| 10.950 | Agricultural Statistics Reports | Agriculture, Department of | 41,772 | |
| 10.999 | Forest Service Aquatic Invasive Species Monitoring | Agriculture, Department of | 24,372 | |
| 10.999 | Miscellaneous Forest Service Grants | Fish and Game, Department of | 414,407 | |
| 10.999 | Miscellaneous Natural Resources Conservation Service Grants | Fish and Game, Department of | 105,339 | |
| 10.999 | Roadless - Implementation of Roadless Rule | Species Conservation, Office of | 17,259 | |
| | **Pass-Through From Non-State Entities:** | | | |
| 10.304 | Homeland Security - Agricultural<br>University of California, Davis; Grantor Number 2012 37620 19626 | Agriculture, Department of | 1,100 | PT |
| 10.912 | Environmental Quality Incentives Program<br>Willamette Partnership; Grantor Number MOA 6621 | Environmental Quality, Department of | 12,122 | PT |
| | TOTAL NON-CLUSTERED PROGRAMS | | $48,859,928 | |
| | **TOTAL DEPARTMENT OF AGRICULTURE** | | $490,194,662 | |
| | **DEPARTMENT OF COMMERCE** | | | |
| 11.407 | Interjurisdictional Fisheries Act of 1986 | Fish and Game, Department of | $6,770 | |
| 11.436 | Columbia River Fisheries Development Program | Fish and Game, Department of | 1,265,865 | |
| 11.438 | Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program | Fish and Game, Department of | 389,647 | |
| 11.438 | Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program | Species Conservation, Office of | 1,865,210 | |
| 11.441 | Regional Fishery Management Councils | Fish and Game, Department of | 12,888 | |
| 11.555 | Public Safety Interoperable Communications Grant Program | Military, Division of | 282,601 | |
| 11.557 | ARRA - Broadband Technology Opportunities Program (BTOP) | Libraries, Idaho Commission for | 669,232 | |
| 11.999 | Miscellaneous NOAA Grants | Fish and Game, Department of | 877,979 | |
| | **Pass-Through From Non-State Entities:** | | | |
| 11.553 | Warning, Alert, and Response Network (WARN) Act<br>Public Broadcasting Service; Grantor Number 51-51-W10606 38 | Public Television, Idaho | 5,106 | PT |
| | **TOTAL DEPARTMENT OF COMMERCE** | | $5,375,298 | |

* Type of assistance other than direct cash. NC=Non-Cash; PT=Pass-Through; R&D=Research and Development.
The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY FEDERAL AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | FEDERAL AGENCY<br>FEDERAL PROGRAM TITLE | STATE AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **DEPARTMENT OF DEFENSE** | | | |
| 12.002 | Procurement Technical Assistance for Business Firms | Commerce, Department of | $146,304 | |
| 12.113 | Agreement Program for the Reimbursement of Technical Services | Environmental Quality, Department of | 129,251 | |
| 12.401 | National Guard Military Operations and Maintenance Projects | Military, Division of | 26,366,291 | |
| 12.401 | National Guard Military Operations and Maintenance Projects | Military, Division of | (1,377,269) | NC |
| 12.900 | Language Grant Program | Superintendent of Public Instruction | 10,188 | |
| 12.999 | Miscellaneous Army Corps of Engineers Grants | Fish and Game, Department of | 4,410 | |
| | **TOTAL DEPARTMENT OF DEFENSE** | | $25,279,175 | |
| | **HOUSING AND URBAN DEVELOPMENT** | | | |
| | CDBG - STATE-ADMINISTERED CDBG CLUSTER: | | | |
| 14.228 | Community Development Block Grants/State's Program | Commerce, Department of | $8,213,948 | |
| 14.228 | ARRA - Community Development Block Grants | Commerce, Department of | 50,828 | |
| | TOTAL CDBG - STATE-ADMINISTERED CDBG CLUSTER | | $8,264,776 | |
| | NON-CLUSTERED PROGRAMS: | | | |
| 14.171 | Manufactured Home Dispute Resolution | Building Safety, Division of | $28,120 | |
| | TOTAL NON-CLUSTERED PROGRAMS | | $28,120 | |
| | **TOTAL HOUSING AND URBAN DEVELOPMENT** | | $8,292,896 | |
| | **DEPARTMENT OF THE INTERIOR** | | | |
| | FISH AND WILDLIFE CLUSTER: | | | |
| 15.605 | Sport Fish Restoration | Fish and Game, Department of | $6,491,296 | |
| 15.611 | Wildlife Restoration and Basic Hunter Education | Fish and Game, Department of | 7,075,155 | |
| | TOTAL FISH AND WILDLIFE CLUSTER | | $13,566,451 | |
| | NON-CLUSTERED PROGRAMS: | | | |
| 15.130 | Indian Education - Assistance to Schools | Superintendent of Public Instruction | $74,516 | |
| 15.224 | Cultural Resource Management | Historical Society, Idaho State | 5,938 | |
| 15.228 | National Fire Plan - Wildland Urban Interface Community Fire Assistance | Transportation Department, Idaho | 169,628 | |
| 15.230 | Invasive and Noxious Plant Management | Agriculture, Department of | 46,015 | |
| 15.230 | Invasive and Noxious Plant Management | Fish and Game, Department of | 68,962 | |
| 15.231 | Fish, Wildlife and Plant Conservation Resource Management | Agriculture, Department of | 49,861 | |
| 15.231 | Fish, Wildlife, and Plant Conservation Resource Management | Fish and Game, Department of | 274,301 | |
| 15.231 | Fish, Wildlife, and Plant Conservation Resource Management | Species Conservation, Office of | 32,116 | |
| 15.236 | Hazards/Hazmat | Environmental Quality, Department of | 35,789 | |
| 15.238 | Challenge Cost Share | Fish and Game, Department of | 251,916 | |
| 15.238 | Challenge Cost Share | Historical Society, Idaho State | 4,179 | |
| 15.608 | Fish and Wildlife Management Assistance | Fish and Game, Department of | 76,328 | |
| 15.608 | Fish and Wildlife Management Assistance | Species Conservation, Office of | 133,555 | |
| 15.615 | Cooperative Endangered Species Conservation Fund | Fish and Game, Department of | 406,322 | |
| 15.616 | Clean Vessel Act | Parks and Recreation, Department of | 74,189 | |
| 15.622 | Sportfishing and Boating Safety Act | Parks and Recreation, Department of | 141,212 | |
| 15.630 | Coastal Program | Agriculture, Department of | 20,835 | |
| 15.633 | Landowner Incentive | Fish and Game, Department of | 79,657 | |
| 15.634 | State Wildlife Grants | Fish and Game, Department of | 991,262 | |
| 15.649 | Service Training and Technical Assistance | Fish and Game, Department of | 5,858,360 | |
| 15.657 | Endangered Species Conservation - Recovery Implementation Funds | Species Conservation, Office of | 3,949,290 | |
| 15.808 | U.S. Geological Survey - Research and Data Collection<br>Resarch and Development Cluster; U.S. Geological Survey | Water Resources, Department of | 13,078 | R&D |
| 15.904 | Historic Preservation Fund Grants-in-Aid | Historical Society, Idaho State | 667,671 | |
| 15.916 | Outdoor Recreation - Acquisition, Development, and Planning | Parks and Recreation, Department of | 398,536 | |
| 15.929 | Save America's Treasures | Historical Society, Idaho State | 36,920 | |
| 15.929 | Save America's Treasures | Parks and Recreation, Department of | 201,704 | |
| 15.999 | Miscellaneous Fish and Wildlife Service Grants | Fish and Game, Department of | 221,020 | |
| 15.999 | Miscellaneous Bureau of Reclamation Grants | Fish and Game, Department of | 583,853 | |
| 15.999 | Miscellaneous National Park Services Grants | Fish and Game, Department of | 6,963 | |
| 15.999 | Water Bank Program | Water Resources, Department of | 8,349 | |
| | **Pass-Through From Non-State Entities:** | | | |
| 15.649 | Service Training and Technical Assistance (Generic Training)<br>Pacific States Marine Fisheries Commission; Grantor Number 101407J102 | Agriculture, Department of | 7,199 | PT |
| | TOTAL NON-CLUSTERED PROGRAMS | | $14,889,524 | |
| | **TOTAL DEPARTMENT OF THE INTERIOR** | | $28,455,975 | |
| | **DEPARTMENT OF JUSTICE** | | | |
| | JAG PROGRAM CLUSTER: | | | |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant Program | Police, Idaho State | $1,089,879 | |
| 16.803 | ARRA - Edward Byrne Memorial Justice Assistance Grant Program | Police, Idaho State | 1,914,712 | |
| | TOTAL JAG PROGRAM CLUSTER | | $3,004,591 | |

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

**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY FEDERAL AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | FEDERAL AGENCY<br>FEDERAL PROGRAM TITLE | STATE AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | NON-CLUSTERED PROGRAMS: | | | |
| 16.013 | Violence Against Women Act Court Training and Improvement Grants | Judicial Department | $64,249 | |
| 16.017 | Sexual Assault Services | Police, Idaho State | 125,623 | |
| 16.523 | Juvenile Accountability Block Grants | Juvenile Corrections, Department of | 349,906 | |
| 16.540 | Juvenile Justice and Delinquency Prevention - Allocation to States | Juvenile Corrections, Department of | 447,050 | |
| 16.543 | Missing Children's Assistance | Attorney General, Office of the | 175,242 | |
| 16.548 | Title V - Delinquency Prevention Program | Juvenile Corrections, Department of | 70,106 | |
| 16.550 | State Justice Statistics Program for Statistical Analysis Centers | Police, Idaho State | 66,809 | |
| 16.575 | Crime Victim Assistance | Health and Welfare, Department of | 2,395,837 | |
| 16.576 | Crime Victim Compensation | Industrial Commission | 927,780 | |
| 16.580 | Edward Byrne Memorial Law Enforcement Assistance Discretionary Grants | Police, Idaho State | 65,164 | |
| 16.585 | Drug Court Discretionary Grant Program | Judicial Department | 76,569 | |
| 16.588 | Violence Against Women Formula Grants | Police, Idaho State | 1,133,460 | |
| 16.593 | Residential Substance Abuse Treatment for State Prisoners | Police, Idaho State | 129,456 | |
| 16.606 | State Criminal Alien Assistance Program | Correction, Department of | 188,436 | |
| 16.609 | Project Safe Neighborhoods | Police, Idaho State | 45,328 | |
| 16.710 | Public Safety Partnership and Community Policing Grants | Police, Idaho State | 166,835 | |
| 16.727 | Enforcing Underage Drinking Laws Program | Juvenile Corrections, Department of | 357,057 | |
| 16.741 | DNA Backlog Reduction Program | Police, Idaho State | 102,426 | |
| 16.742 | Paul Coverdell Forensic Sciences Improvement Grant Program | Police, Idaho State | 26,410 | |
| 16.745 | Criminal and Juvenile Justice and Mental Health Collaboration Program | Judicial Department | 66,766 | |
| 16.753 | Congressionally Recommended Awards | Police, Idaho State | 249,102 | |
| 16.754 | Harold Rogers Prescription Drug Monitoring Program | Pharmacy, Board of | 47,902 | |
| 16.800 | ARRA - Internet Crimes against Children Task Force Program | Attorney General, Office of the | 83,587 | |
| 16.801 | ARRA - State Victim Assistance | Health and Welfare, Department of | 57,272 | |
| 16.810 | ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs | Correction, Department of | 22,427 | |
| 16.810 | ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs | Police, Idaho State | 114,885 | |
| 16.813 | National Criminal History Improvement Program | Police, Idaho State | 1,481,543 | |
| 16.922 | Equitable Sharing for Law Enforcement Agencies | Police, Idaho State | 249,209 | |
| 16.999 | Organized Crime and Drug Task Force | Police, Idaho State | 26,599 | |
| | **Pass-Through From Non-State Entities:** | | | |
| 16.756 | Court Appointed Special Advocates<br>National Court Appointed Special Advocate Association;<br>Grantor Number ID11234-09-0709-S | Judicial Department | 5,451 | PT |
| | TOTAL NON-CLUSTERED PROGRAMS | | $9,318,486 | |
| | **TOTAL DEPARTMENT OF JUSTICE** | | $12,323,077 | |
| | **DEPARTMENT OF LABOR** | | | |
| | EMPLOYMENT SERVICE CLUSTER: | | | |
| 17.207 | Employment Service/Wagner-Peyser Funded Activities | Labor, Department of | $6,321,212 | |
| 17.801 | Disabled Veterans' Outreach Program | Labor, Department of | 619,349 | |
| 17.804 | Local Veterans' Employment Representative Program | Labor, Department of | 186,497 | |
| | TOTAL EMPLOYMENT SERVICE CLUSTER | | $7,127,058 | |
| | WIA CLUSTER: | | | |
| 17.258 | WIA Adult Program | Labor, Department of | $3,394,419 | |
| 17.259 | WIA Youth Activities | Labor, Department of | 4,015,615 | |
| 17.278 | WIA Dislocated Workers | Labor, Department of | 4,632,763 | |
| | TOTAL WIA CLUSTER | | $12,042,797 | |
| | NON-CLUSTERED PROGRAMS: | | | |
| 17.002 | Labor Force Statistics<br>Resarch and Development Cluster; Bureau of Labor Statistics | Labor, Department of | $648,288 | R&D |
| 17.005 | Compensation and Working Conditions | Labor, Department of | 9,855 | |
| 17.225 | Unemployment Insurance | Labor, Department of | 255,958,178 | |
| 17.235 | Senior Community Service Employment Program | Aging, Commission on | 471,104 | |
| 17.235 | Senior Community Service Employment Program | Labor, Department of | (71) | |
| 17.245 | Trade Adjustment Assistance | Labor, Department of | 341,282 | |
| 17.261 | WIA Pilots, Demonstrations, and Research Projects<br>Resarch and Development Cluster; Employment Training Administration | Labor, Department of | 166,062 | R&D |
| 17.266 | Disability Program Navigators | Labor, Department of | 29 | |
| 17.271 | Work Opportunity Tax Credit (WOTC) Program | Labor, Department of | 84,680 | |
| 17.273 | Temporary Labor Certification for Foreign Workers | Labor, Department of | 155,291 | |
| 17.275 | ARRA - Worker Training and Placement in High Growth and Emerging Industry Sectors | Labor, Department of | 1,050,077 | |
| 17.277 | WIA National Emergency Grants | Labor, Department of | 1,037,466 | |
| 17.802 | Veterans' Employment Program | Labor, Department of | 186,361 | |
| 17.807 | Transition Assistance Program | Labor, Department of | 6,188 | |
| | TOTAL NON-CLUSTERED PROGRAMS | | $260,114,790 | |
| | **TOTAL DEPARTMENT OF LABOR** | | $279,284,645 | |

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**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY FEDERAL AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | FEDERAL AGENCY<br>FEDERAL PROGRAM TITLE | STATE AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **DEPARTMENT OF TRANSPORTATION** | | | |
| | HIGHWAY PLANNING AND CONSTRUCTION CLUSTER: | | | |
| 20.205 | Highway Planning and Construction | Tax Commission, Idaho | $92,582 | R&D |
| | Resarch and Development Cluster; Federal Highway Administration | | | |
| 20.205 | ARRA - Highway Planning and Construction | Transportation Department, Idaho | 3,310,431 | |
| 20.205 | Highway Planning and Construction | Transportation Department, Idaho | 282,492,100 | |
| 20.205 | Highway Planning and Construction | Transportation Department, Idaho | 6,079,985 | R&D |
| | Resarch and Development Cluster; Federal Highway Administration | | | |
| 20.219 | Recreational Trails Program | Parks and Recreation, Department of | 1,171,890 | |
| | TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER | | $293,146,988 | |
| | FEDERAL TRANSIT CLUSTER: | | | |
| 20.500 | Federal Transit - Capital Investment Grants | Transportation Department, Idaho | $697,528 | |
| | TOTAL FEDERAL TRANSIT CLUSTER | | $697,528 | |
| | TRANSIT SERVICES PROGRAMS CLUSTER: | | | |
| 20.513 | Enhanced Mobility of Seniors and Individuals with Disabilities | Transportation Department, Idaho | $683,092 | |
| 20.516 | Job Access - Reverse Commute | Transportation Department, Idaho | 697,114 | |
| 20.521 | New Freedom Program | Transportation Department, Idaho | 187,978 | |
| | TOTAL TRANSIT SERVICES PROGRAMS CLUSTER | | $1,568,184 | |
| | HIGHWAY SAFETY CLUSTER: | | | |
| 20.600 | State and Community Highway Safety | Transportation Department, Idaho | $1,877,624 | |
| 20.601 | Alcohol Impaired Driving Countermeasures Incentive Grants I | Transportation Department, Idaho | 808,336 | |
| 20.610 | State Traffic Safety Information System Improvement Grants | Transportation Department, Idaho | 220,593 | |
| 20.611 | Incentive Grant Program to Prohibit Racial Profiling | Transportation Department, Idaho | 43,365 | |
| 20.612 | Incentive Grant Program to Increase Motorcyclist Safety | Transportation Department, Idaho | 70,914 | |
| | TOTAL HIGHWAY SAFETY CLUSTER | | $3,020,832 | |
| | NON-CLUSTERED PROGRAMS: | | | |
| 20.106 | Airport Improvement Program | Transportation Department, Idaho | $231,282 | |
| 20.218 | National Motor Carrier Safety | Police, Idaho State | 1,534,824 | |
| 20.231 | Performance and Registration Information Systems Management | Transportation Department, Idaho | 8,910 | |
| 20.232 | Commercial Driver's License Program Improvement Grant | Transportation Department, Idaho | 368,340 | |
| 20.233 | Border Enforcement Grants | Police, Idaho State | 73,257 | |
| 20.237 | Commercial Vehicle Information Systems and Networks | Transportation Department, Idaho | 1,611,886 | |
| 20.240 | Fuel Tax Evasion - Intergovernmental Enforcement Effort | Tax Commission, Idaho | 2,815 | R&D |
| | Resarch and Development Cluster; Federal Highway Administration | | | |
| 20.319 | High-Speed Rail Corridors and Intercity Passenger Rail Service | Transportation Department, Idaho | 103,403 | |
| 20.509 | ARRA - Formula Grants for Rural Areas | Transportation Department, Idaho | 467,464 | |
| 20.509 | Formula Grants for Rural Areas | Transportation Department, Idaho | 5,020,631 | |
| 20.700 | Pipeline Safety | Public Utilities Commission | 108,800 | |
| 20.703 | Interagency Hazardous Materials Public Sector Training and Planning Grants | Military, Division of | 2,762 | |
| | TOTAL NON-CLUSTERED PROGRAMS | | $9,534,374 | |
| | **TOTAL DEPARTMENT OF TRANSPORTATION** | | $307,967,906 | |
| | **GENERAL SERVICES ADMINISTRATION** | | | |
| 39.003 | Donation of Federal Surplus Personal Property | Administration, Department of | $738,551 | NC |
| 39.011 | Election Reform | Secretary of State | 785,504 | |
| | **TOTAL GENERAL SERVICES ADMINISTRATION** | | $1,524,055 | |
| | **NATIONAL AERONAUTICS AND SPACE ADMINISTRATION** | | | |
| 43.AAA | Aerospace Education Services Program | Superintendent of Public Instruction | $384,334 | |
| | **TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION** | | $384,334 | |
| | **NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES** | | | |
| 45.025 | Promotion of the Arts - Partnership Agreements | Arts, Commission on the | $945,156 | |
| 45.310 | Grants to States | Libraries, Idaho Commission for | 1,271,007 | |
| 45.312 | National Leadership Grants | Libraries, Idaho Commission for | 130,774 | |
| | **Pass-Through From Non-State Entities:** | | | |
| 45.129 | Promotion of the Humanities - Federal/State Partnership | Libraries, Idaho Commission for | 11,111 | PT |
| | Idaho Humanities Council; Grantor Number H13001-00 | | | |
| 45.129 | Promotion of the Humanities - Federal/State Partnership | Historical Society, Idaho State | 10,000 | PT |
| | Idaho Humanities Council; Grantor Number IHC2012406 | | | |
| | **TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES** | | $2,368,048 | |

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**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY FEDERAL AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | FEDERAL PROGRAM TITLE | STATE AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **FEDERAL AGENCY** | | | |
| | **SMALL BUSINESS ADMINISTRATION** | | | |
| 59.058 | Fed and State Tech Partnership Program (FAST) | Commerce, Department of | $17,000 | |
| 59.061 | State Trade and Export Promotion Pilot Grant Program | Commerce, Department of | 301,649 | |
| | **TOTAL SMALL BUSINESS ADMINISTRATION** | | $318,649 | |
| | **DEPARTMENT OF VETERANS AFFAIRS** | | | |
| 64.014 | Veterans State Domiciliary Care | Veterans Services, Division of | $369,632 | |
| 64.015 | Veterans State Nursing Home Care | Veterans Services, Division of | 9,786,362 | |
| 64.101 | Burial Expenses Allowances for Veterans | Veterans Services, Division of | 330,980 | |
| 64.203 | State Cemetery Grants | Veterans Services, Division of | 1,164,868 | |
| | **TOTAL DEPARTMENT OF VETERANS AFFAIRS** | | $11,651,842 | |
| | **ENVIRONMENTAL PROTECTION AGENCY** | | | |
| 66.001 | Air Pollution Control Program Support | Environmental Quality, Department of | $1,747,276 | |
| 66.032 | State Indoor Radon Grants | Health and Welfare, Department of | 62,744 | |
| 66.034 | Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Air Act | Environmental Quality, Department of | 409,830 | |
| 66.034 | Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Air Act | Environmental Quality, Department of | 75,996 | NC |
| 66.034 | Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Air Act | Health and Welfare, Department of | 18,511 | |
| 66.039 | National Clean Diesel Emissions Reduction Program | Environmental Quality, Department of | 13,804 | |
| 66.040 | State Clean Diesel Grant Program | Environmental Quality, Department of | 326,607 | |
| 66.202 | Congressionally Mandated Projects | Environmental Quality, Department of | 96,786 | |
| 66.419 | Water Pollution Control State, Interstate, and Tribal Program Support | Environmental Quality, Department of | 1,899,887 | |
| 66.419 | Water Pollution Control State, Interstate, and Tribal Program Support | Environmental Quality, Department of | 244,400 | NC |
| 66.432 | State Public Water System Supervision | Environmental Quality, Department of | 1,172,150 | |
| 66.433 | State Underground Water Source Protection | Water Resources, Department of | 125,166 | |
| 66.454 | Water Quality Management Planning | Environmental Quality, Department of | 106,519 | |
| 66.458 | ARRA - Capitalization Grants for Clean Water State Revolving Funds | Environmental Quality, Department of | (566,977) | |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds | Environmental Quality, Department of | 6,908,837 | |
| 66.460 | Nonpoint Source Implementation Grants | Environmental Quality, Department of | 2,199,498 | |
| 66.461 | Regional Wetland Program Development Grants | Fish and Game, Department of | 67,149 | |
| 66.468 | Capitalization Grants for Drinking Water State Revolving Funds | Environmental Quality, Department of | 11,937,595 | |
| 66.606 | Surveys, Studies, Investigations and Special Purpose Grants | Environmental Quality, Department of | (5,574) | |
| 66.608 | Environmental Information Exchange Network Grant Program | Environmental Quality, Department of | 81,801 | |
| 66.700 | Consolidated Pesticide Enforcement Cooperative Agreements | Agriculture, Department of | 440,712 | |
| 66.708 | Pollution Prevention Grants Program | Environmental Quality, Department of | 86,846 | |
| 66.801 | Hazardous Waste Management State Program Support | Environmental Quality, Department of | 272,875 | |
| 66.802 | ARRA - Superfund State, Political Sub. & Indian Tribe Site - Specific Cooperative Agmts. | Environmental Quality, Department of | 52,435 | |
| 66.802 | Superfund State, Political Sub. & Indian Tribe Site - Specific Cooperative Agmts. | Environmental Quality, Department of | 16,764,725 | |
| 66.804 | Underground Storage Tank Prevention, Detection and Compliance Program | Environmental Quality, Department of | 363,930 | |
| 66.805 | Leaking Underground Storage Tank Trust Fund Corrective Action Program | Environmental Quality, Department of | 1,055,789 | |
| 66.809 | Superfund State and Indian Tribe Core Program Cooperative Agreements | Environmental Quality, Department of | 172,085 | |
| 66.817 | State and Tribal Response Program Grants | Environmental Quality, Department of | 922,087 | |
| 66.818 | ARRA - Brownfields Assessment and Cleanup Cooperative Agreements | Environmental Quality, Department of | 214,902 | |
| 66.818 | Brownfields Assessment and Cleanup Cooperative Agreements | Parks and Recreation, Department of | 146,274 | |
| | **TOTAL ENVIRONMENTAL PROTECTION AGENCY** | | $47,414,665 | |
| | **DEPARTMENT OF ENERGY** | | | |
| 81.041 | ARRA - State Energy Program | Energy Resources, Office of | $1,172,292 | |
| 81.041 | State Energy Program | Energy Resources, Office of | 223,607 | |
| 81.042 | Weatherization Assistance for Low-Income Persons | Health and Welfare, Department of | 1,328,395 | |
| 81.042 | ARRA - Weatherization Assistance for Low-Income Persons | Health and Welfare, Department of | (6,663) | |
| 81.119 | State Energy Program Special Projects | Energy Resources, Office of | 84,913 | |
| 81.122 | ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis | Energy Resources, Office of | 31,082 | |
| 81.122 | ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis | Public Utilities Commission | 161,800 | |
| 81.128 | ARRA - Energy Efficiency and Conservation Community Block Grant | Energy Resources, Office of | 505,797 | |
| 81.502 | Idaho National Laboratory Oversight | Environmental Quality, Department of | 2,488,500 | |
| 81.999 | Miscellaneous Bonneville Power Administration Grants | Fish and Game, Department of | 22,041,597 | |
| 81.999 | Miscellaneous Bonneville Power Administration Grants | Fish and Game, Department of | 820,000 | NC |
| 81.999 | Weatherization Conference | Health and Welfare, Department of | 491,334 | |
| 81.999 | Idaho OSC Accord Planning and Development | Species Conservation, Office of | 412,331 | |
| 81.999 | Upper Salmon Screen Tributary Passage | Species Conservation, Office of | 414,510 | |
| 81.999 | Exp-Lemhi River Restoration Planning | Species Conservation, Office of | 1,344,626 | |
| 81.999 | Clearwater Focus Program | Species Conservation, Office of | 84,537 | |
| 81.999 | Bull Trout Recovery Plan - FINS | Species Conservation, Office of | 1,200 | |
| 81.999 | Exp-Pahsimeroi River Habitat | Species Conservation, Office of | 46,551 | |
| 81.999 | Yankee Fork Side Channel Restoration | Species Conservation, Office of | 1,247,966 | |
| 81.999 | Lower Clearwater Potlatch Watershed | Species Conservation, Office of | 9,073 | |
| 81.999 | Tributary Water Conservation | Water Resources, Department of | 197,694 | |

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**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY FEDERAL AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | FEDERAL AGENCY<br>FEDERAL PROGRAM TITLE | STATE AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **Pass-Through From Non-State Entities:** | | | |
| 81.087 | Renewable Energy Research and Development<br>Washington State University; Grantor Number G002726 | Energy Resources, Office of | 33,806 | PT |
| | **Pass-Through From Non-State Entities:** | | | |
| 81.106 | Transport of Transuranic Wastes to the Waste Isolation Pilot Plant<br>Western Governor's Association; Grantor Number MOA DEFC0490AL65416 | Environmental Quality, Department of | 217,892 | PT |
| | **Pass-Through From Non-State Entities:** | | | |
| 81.999 | Building a Roadmap Foundation<br>Bonneville Power Administration; Grantor Number 55369 | Energy Resources, Office of | 39,643 | PT |
| | **TOTAL DEPARTMENT OF ENERGY** | | $33,392,483 | |
| | **DEPARTMENT OF EDUCATION** | | | |
| | TITLE I, PART A CLUSTER: | | | |
| 84.010 | Title I Grants to Local Educational Agencies | Superintendent of Public Instruction | $51,639,019 | |
| 84.389 | ARRA - Title I Grants to Local Educational Agencies | Superintendent of Public Instruction | 34,832 | |
| | TOTAL TITLE I, PART A CLUSTER | | $51,673,851 | |
| | SPECIAL EDUCATION CLUSTER: | | | |
| 84.027 | Special Education - Grants to States | Superintendent of Public Instruction | $57,123,684 | |
| 84.173 | Special Education - Preschool Grants | Superintendent of Public Instruction | 2,265,150 | |
| | TOTAL SPECIAL EDUCATION CLUSTER | | $59,388,834 | |
| | EDUCATION TECHNOLOGY STATE GRANTS CLUSTER: | | | |
| 84.318 | Education Technology State Grants | Superintendent of Public Instruction | $378,471 | |
| | TOTAL EDUCATION TECHNOLOGY STATE GRANTS CLUSTER | | $378,471 | |
| | STATEWIDE DATA SYSTEMS CLUSTER: | | | |
| 84.372 | Statewide Data Systems | Education, State Board of | $182,191 | |
| 84.372 | Statewide Data Systems | Superintendent of Public Instruction | 184,271 | |
| | TOTAL STATEWIDE DATA SYSTEMS CLUSTER | | $366,462 | |
| | SCHOOL IMPROVEMENT GRANTS CLUSTER: | | | |
| 84.377 | School Improvement Grants | Superintendent of Public Instruction | $88,151 | |
| 84.388 | ARRA - School Improvement Grants | Superintendent of Public Instruction | 2,346,229 | |
| | TOTAL SCHOOL IMPROVEMENT GRANTS CLUSTER | | $2,434,380 | |
| | NON-CLUSTERED PROGRAMS: | | | |
| 84.002 | Adult Education - Basic Grants to States | Professional-Technical Education, Division of | $2,357,476 | |
| 84.011 | Migrant Education - State Grant Program | Superintendent of Public Instruction | 3,559,511 | |
| 84.013 | Title I State Agency Program for Neglected & Delinquent Children and Youth | Superintendent of Public Instruction | 556,396 | |
| 84.048 | Career and Technical Education - Basic Grants to States | Professional-Technical Education, Division of | 6,152,587 | |
| 84.126 | Rehabilitation Services - Vocational Rehabilitation Grants to States | Blind and Visually Impaired, Commission for the | 2,327,263 | |
| 84.126 | Rehabilitation Services - Vocational Rehabilitation Grants to States | Vocational Rehabilitation, Division of | 11,798,542 | |
| 84.144 | Migrant Education - Coordination Program | Superintendent of Public Instruction | 51,905 | |
| 84.169 | Independent Living - State Grants | Blind and Visually Impaired, Commission for the | 116,513 | |
| 84.169 | Independent Living - State Grants | Vocational Rehabilitation, Division of | 179,125 | |
| 84.177 | Independent Living Services for Older Individuals Who Are Blind | Blind and Visually Impaired, Commission for the | 225,000 | |
| 84.181 | Special Education - Grants for Infants and Families | Health and Welfare, Department of | 2,704,430 | |
| 84.187 | Supported Employment Services for Individuals w/Significant Disabilities | Blind and Visually Impaired, Commission for the | 6,000 | |
| 84.187 | Supported Employment Services for Individuals w/Significant Disabilities | Vocational Rehabilitation, Division of | 344,277 | |
| 84.196 | Education for Homeless Children and Youth | Superintendent of Public Instruction | 253,407 | |
| 84.213 | Even Start - State Educational Agencies | Superintendent of Public Instruction | 8,237 | |
| 84.265 | State Vocational Rehabilitation Unit In-Service Training | Blind and Visually Impaired, Commission for the | 18,009 | |
| 84.265 | State Vocational Rehabilitation Unit In-Service Training | Vocational Rehabilitation, Division of | 31,768 | |
| 84.287 | Twenty-First Century Community Learning Centers | Superintendent of Public Instruction | 5,756,961 | |
| 84.323 | Special Education - State Personnel Development | Superintendent of Public Instruction | 590,900 | |
| 84.330 | Advanced Placement Program | Superintendent of Public Instruction | 87,726 | |
| 84.331 | Workplace and Community Transition Training for Incarcerated Individuals | Correction, Department of | 26,486 | |
| 84.334 | Gaining Early Awareness and Readiness for Undergraduate Programs | Superintendent of Public Instruction | 2,364,602 | |
| 84.358 | Rural Education | Juvenile Corrections, Department of | 8,894 | |
| 84.358 | Rural Education | Superintendent of Public Instruction | 329,382 | |
| 84.365 | English Language Acquisition State Grants | Superintendent of Public Instruction | 1,991,830 | |
| 84.366 | Mathematics and Science Partnerships | Superintendent of Public Instruction | 1,098,509 | |

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**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY FEDERAL AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | FEDERAL AGENCY<br>FEDERAL PROGRAM TITLE | STATE AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| 84.367 | Improving Teacher Quality State Grants | Education, State Board of | 334,664 | |
| 84.367 | Improving Teacher Quality State Grants | Superintendent of Public Instruction | 12,708,419 | |
| 84.368 | Grants for Enhanced Assessment Instruments | Superintendent of Public Instruction | 29,134 | |
| 84.369 | Grants for State Assessments and Related Activities | Superintendent of Public Instruction | 4,028,583 | |
| 84.371 | Striving Readers | Superintendent of Public Instruction | 107,142 | |
| 84.378 | College Access Challenge Grant Program | Education, State Board of | 1,112,629 | |
| 84.398 | ARRA - Independent Living - State Grants | Vocational Rehabilitation, Division of | (4,169) | |
| 84.410 | Education Job Funds | Superintendent of Public Instruction | 5,290,757 | |
| | TOTAL NON-CLUSTERED PROGRAMS | | $66,552,895 | |
| | **TOTAL DEPARTMENT OF EDUCATION** | | $180,794,893 | |
| | **NATIONAL ARCHIVES AND RECORDS ADMINISTRATION** | | | |
| 89.003 | National Historical Publications and Records Grants | Historical Society, Idaho State | $37,143 | |
| | **TOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION** | | $37,143 | |
| | **ELECTION ASSISTANCE COMMISSION** | | | |
| 90.401 | Help America Vote Act Requirements Payments | Secretary of State | $1,370 | |
| | **TOTAL ELECTION ASSISTANCE COMMISSION** | | $1,370 | |
| | **HEALTH AND HUMAN SERVICES** | | | |
| | AGING CLUSTER: | | | |
| 93.044 | Grants for Supportive Services and Senior Centers | Aging, Commission on | $2,420,676 | |
| 93.045 | Nutrition Services | Aging, Commission on | 2,541,548 | |
| 93.053 | Nutrition Services Incentive Program | Aging, Commission on | 661,391 | |
| | TOTAL AGING CLUSTER | | $5,623,615 | |
| | TANF CLUSTER: | | | |
| 93.558 | Temporary Assistance for Needy Families | Health and Welfare, Department of | $22,563,163 | |
| 93.716 | ARRA - Temporary Assistance for Needy Families (TANF) Supplemental Grants | Health and Welfare, Department of | 3,498,046 | |
| | TOTAL TANF CLUSTER | | $26,061,209 | |
| | CCDF CLUSTER: | | | |
| 93.575 | Child Care and Development Block Grant | Health and Welfare, Department of | $17,333,197 | |
| 93.596 | Child Care Mandatory & Matching Funds of the Child Care and Develop. Fund | Health and Welfare, Department of | 3,121,043 | |
| | TOTAL CCDF CLUSTER | | $20,454,240 | |
| | MEDICAID CLUSTER: | | | |
| 93.775 | State Medicaid Fraud Control Units | Attorney General, Office of the | $533,599 | |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers | Health and Welfare, Department of | 2,354,598 | |
| 93.778 | Medical Assistance Program | Health and Welfare, Department of | 1,221,862,068 | |
| | TOTAL MEDICAID CLUSTER | | $1,224,750,265 | |
| | NON- CLUSTERED PROGRAMS: | | | |
| 93.041 | Programs for Prevention of Elder Abuse, Neglect, and Exploitation | Aging, Commission on | $34,600 | |
| 93.042 | Long Term Care Ombudsman Services for Older Individuals | Aging, Commission on | 106,652 | |
| 93.043 | Disease Prevention and Health Promotion Services | Aging, Commission on | 111,829 | |
| 93.048 | Special Programs for the Aging - Discretionary Projects | Aging, Commission on | 557,147 | |
| 93.051 | Alzheimer's Disease Demonstration Grants to States | Aging, Commission on | 64,694 | |
| 93.052 | National Family Caregiver Support | Aging, Commission on | 712,319 | |
| 93.069 | Public Health Emergency Preparedness | Health and Welfare, Department of | 5,259,921 | |
| 93.071 | Medicare Enrollment Assistance Program | Aging, Commission on | 26,263 | |
| 93.087 | Enhance Safety of Children Affected by Substance Abuse | Health and Welfare, Department of | 301,310 | |
| 93.090 | Guardianship Assistance | Health and Welfare, Department of | 14,578 | |
| 93.092 | Affordable Care Act (ACA) Personal Responsibility Education Program | Health and Welfare, Department of | 335,695 | |
| 93.110 | Maternal and Child Health Federal Consolidated Programs | Health and Welfare, Department of | 177,263 | |
| 93.116 | Project Grants and Cooperative Agreements for Tuberculosis Control | Health and Welfare, Department of | 157,615 | |
| 93.127 | Emergency Medical Services for Children | Health and Welfare, Department of | 166,831 | |
| 93.130 | Cooperative Agmts. - States/Territories - Coord. & Develop. of Primary Care Ofcs. | Health and Welfare, Department of | 112,237 | |
| 93.136 | Injury Prevent. & Control Research/State and Community Based Prog. | Health and Welfare, Department of | 211,700 | |
| 93.150 | Projects for Assistance in Transition from Homelessness | Health and Welfare, Department of | 245,712 | |
| 93.217 | Family Planning - Services | Health and Welfare, Department of | 1,771,210 | |
| 93.240 | State Capacity Building | Health and Welfare, Department of | 219,874 | |
| 93.241 | State Rural Hospital Flexibility Program | Health and Welfare, Department of | 544,652 | |
| 93.243 | Substance Abuse & Mental Health Svs. - Projects of Regional & Natl. Significance | Health and Welfare, Department of | 606,034 | |
| 93.243 | Substance Abuse and Mental Health Services | Judicial Department | 26,392 | |

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

**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY FEDERAL AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | FEDERAL AGENCY<br>FEDERAL PROGRAM TITLE | STATE AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| 93.251 | Universal Newborn Hearing Screening | Health and Welfare, Department of | 194,740 | |
| 93.268 | Immunization Cooperative Agreements | Health and Welfare, Department of | 1,795,622 | |
| 93.268 | Immunization Cooperative Agreements | Health and Welfare, Department of | 19,427,770 | NC |
| 93.270 | Adult Viral Hepatitis Prevention and Control | Health and Welfare, Department of | 19,851 | |
| 93.275 | Substance Abuse and Mental Health Services - Access to Recovery | Health and Welfare, Department of | 4,045,015 | |
| 93.283 | Centers for Disease Control & Prevention - Investigations & Technical Assistance | Health and Welfare, Department of | 3,067,691 | |
| 93.301 | Small Rural Hospital Improvement Grant Program | Health and Welfare, Department of | 229,925 | |
| 93.414 | ARRA - State Primary Care Offices | Health and Welfare, Department of | 85,710 | |
| 93.505 | Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program | Health and Welfare, Department of | 1,232,971 | |
| 93.507 | PPHF 2012 National Public Health Improvement Initiative | Health and Welfare, Department of | 313,089 | |
| 93.509 | Affordable Care Act State Health Care Workforce Development Grants | Labor, Department of | (1,633) | |
| 93.520 | Affordable Care Act Communities Putting Prevention to Work | Health and Welfare, Department of | 482 | |
| 93.521 | Affordable Care Act Building Epi., Lab., & Health Info. Sys. Capacity in the ELC & EIP | Health and Welfare, Department of | 349,396 | |
| 93.544 | Coordinated Chronic Disease prevention and Health Promotion Program | Health and Welfare, Department of | 186,052 | |
| 93.556 | Promoting Safe and Stable Families | Health and Welfare, Department of | 1,482,068 | |
| 93.557 | Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Yo | Health and Welfare, Department of | 118,428 | |
| 93.563 | Child Support Enforcement | Health and Welfare, Department of | 15,742,714 | |
| 93.566 | Refugee and Entrant Assistance - State Administered Programs | Health and Welfare, Department of | 1,730,670 | |
| 93.568 | Low-Income Home Energy Assistance | Health and Welfare, Department of | 20,259,592 | |
| 93.569 | Community Services Block Grant | Health and Welfare, Department of | 3,453,424 | |
| 93.576 | Refugee and Entrant Assistance Discretionary Grants | Health and Welfare, Department of | 95,928 | |
| 93.586 | State Court Improvement Program | Judicial Department | 362,591 | |
| 93.590 | Community-Based Child Abuse Prevention Grants | Health and Welfare, Department of | 157,100 | |
| 93.597 | Grants to States for Access and Visitation Programs | Health and Welfare, Department of | 126,178 | |
| 93.599 | Chafee Education and Training Vouchers Program | Health and Welfare, Department of | 85,572 | |
| 93.600 | Head Start | Health and Welfare, Department of | 125,815 | |
| 93.603 | Adoption Incentive Payments | Health and Welfare, Department of | 310,744 | |
| 93.617 | Voting Access for Individuals with Disabilities - Grants to States | Secretary of State | 5,896 | |
| 93.624 | Affordable Care Act Funding for Model Design and Model Testing Assistance | Health and Welfare, Department of | 33,968 | |
| 93.630 | Developmental Disabilities Basic Support and Advocacy Grants | Health and Welfare, Department of | 454,501 | |
| 93.643 | Children's Justice Grants To States | Health and Welfare, Department of | 112,838 | |
| 93.645 | Stephanie Tubbs Jones Child Welfare Services Program | Health and Welfare, Department of | 2,233,372 | |
| 93.658 | Foster Care-Title IV-E | Health and Welfare, Department of | 8,522,846 | |
| 93.659 | Adoption Assistance | Health and Welfare, Department of | 6,323,940 | |
| 93.667 | Social Services Block Grant | Health and Welfare, Department of | 8,884,602 | |
| 93.669 | Child Abuse and Neglect State Grants | Health and Welfare, Department of | 135,525 | |
| 93.671 | Family Violence Prevention & Services/Grants for Battered Women's Shelters | Health and Welfare, Department of | 893,835 | |
| 93.674 | Chafee Foster Care Independence Program | Health and Welfare, Department of | 736,094 | |
| 93.717 | ARRA - Preventing Healthcare-Associated Infections | Health and Welfare, Department of | (65,571) | |
| 93.723 | ARRA - Prevention and Wellness - State, Territories and Pacific Islands | Health and Welfare, Department of | 20,765 | |
| 93.729 | ARRA - Health Information Technology and Public Health | Health and Welfare, Department of | 435,665 | |
| 93.735 | State Public Health Approaches for Ensuring Quitline Capacity | Health and Welfare, Department of | 93,472 | |
| 93.744 | PPHF 2012: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territori | Health and Welfare, Department of | 110,058 | |
| 93.767 | Children's Health Insurance Program | Health and Welfare, Department of | 42,532,346 | |
| 93.779 | Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations | Insurance, Department of | 477,118 | |
| 93.791 | Money Follows the Person Rebalancing Demonstration | Health and Welfare, Department of | 2,717,246 | |
| 93.889 | National Bioterrorism Hospital Preparedness Program | Health and Welfare, Department of | 2,335,323 | |
| 93.913 | Grants to States for Operation of Offices of Rural Health | Health and Welfare, Department of | 164,567 | |
| 93.917 | HIV Care Formula Grants | Health and Welfare, Department of | 1,745,136 | |
| 93.919 | Comprehensive Breast and Cervical Cancer Early Detection Programs | Health and Welfare, Department of | 1,280,773 | |
| 93.938 | Comprehensive Sch. Health Prog./Prevent Spread - HIV & Other Import. Health Prob. | Superintendent of Public Instruction | 322,689 | |
| 93.940 | HIV Prevention Activities - Health Department Based | Health and Welfare, Department of | 762,759 | |
| 93.944 | HIV/AIDS Surveillance | Health and Welfare, Department of | 129,225 | |
| 93.958 | Block Grants for Community Mental Health Services | Health and Welfare, Department of | 2,122,778 | |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse | Health and Welfare, Department of | 6,447,809 | |
| 93.977 | Preventive Health Services - Sexually Transmitted Diseases Control Grants | Health and Welfare, Department of | 447,886 | |
| 93.991 | Preventive Health and Health Services Block Grant | Health and Welfare, Department of | 298,946 | |
| 93.994 | Maternal and Child Health Services Block Grant to the States | Health and Welfare, Department of | 2,820,605 | |
| 93.999 | Clinical Laboratory Improvement Amendments | Health and Welfare, Department of | 166,191 | |
| 93.999 | Drug Alcohol Information | Health and Welfare, Department of | 38,306 | |
| 93.999 | Food Sanitation Inspection | Health and Welfare, Department of | 48,922 | |
| 93.999 | Mammography Quality | Health and Welfare, Department of | 48,123 | |
| 93.999 | State EPI Outcomes | Health and Welfare, Department of | 136,931 | |
| **Pass-Through From Non-State Entities:** | | | | |
| 93.307 | Minority Health and Health Disparities Research<br>Mountain States Group, Inc.; Grantor Number R24 MD001711 | Hispanic Affairs, Commission on | 2,891 | PT |
| | TOTAL NON-CLUSTERED PROGRAMS | | $180,740,409 | |
| | **TOTAL HEALTH AND HUMAN SERVICES** | | $1,457,629,738 | |

* Type of assistance other than direct cash. NC=Non-Cash; PT=Pass-Through; R&D=Research and Development.
The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY FEDERAL AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | FEDERAL AGENCY<br>FEDERAL PROGRAM TITLE | STATE AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **CORPORATION FOR NATIONAL AND COMMUNITY SERVICE** | | | |
| 94.003 | State Commissions | Labor, Department of | $145,561 | |
| 94.006 | AmeriCorps | Labor, Department of | 1,830,698 | |
| 94.007 | Program Development and Innovation Grants | Labor, Department of | 29,540 | |
| 94.009 | Training and Technical Assistance | Labor, Department of | 26,061 | |
| 94.013 | Volunteers in Service to America | Superintendent of Public Instruction | 43,689 | |
| | **TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE** | | $2,075,549 | |
| | **SOCIAL SECURITY ADMINISTRATION** | | | |
| | DISABILITY INSURANCE/SSI CLUSTER: | | | |
| 96.001 | Social Security - Disability Insurance | Labor, Department of | $8,300,737 | |
| | TOTAL DISABILITY INSURANCE/SSI CLUSTER | | $8,300,737 | |
| | NON-CLUSTERED PROGRAMS: | | | |
| 96.999 | Vital Statistics Birth Records Grants | Health and Welfare, Department of | $67,782 | |
| 96.999 | Vital Statistics Cooperative Program | Health and Welfare, Department of | 235,648 | |
| 96.999 | Social Security Birth and Death Reports | Health and Welfare, Department of | 42,236 | |
| | TOTAL NON-CLUSTERED PROGRAMS | | $345,666 | |
| | **TOTAL SOCIAL SECURITY ADMINISTRATION** | | $8,646,403 | |
| | **DEPARTMENT OF HOMELAND SECURITY** | | | |
| 97.012 | Boating Safety Financial Assistance | Parks and Recreation, Department of | $1,019,254 | |
| 97.023 | Community Assistance Program - State Support Services Element | Water Resources, Department of | 85,817 | |
| 97.029 | Flood Mitigation Assistance | Military, Division of | 46,885 | |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Military, Division of | 2,146,087 | |
| 97.039 | Hazard Mitigation Grant | Military, Division of | 38,737 | |
| 97.041 | National Dam Safety Program | Water Resources, Department of | 106,683 | |
| 97.042 | Emergency Management Performance Grants | Military, Division of | 3,192,203 | |
| 97.043 | State Fire Training Systems Grants | Professional-Technical Education, Division of | 19,299 | |
| 97.045 | Cooperating Technical Partners | Water Resources, Department of | 281,237 | |
| 97.047 | Pre-Disaster Mitigation | Military, Division of | 970,348 | |
| 97.055 | Interoperable Emergency Communications | Military, Division of | 127,432 | |
| 97.067 | Homeland Security Grant Program | Military, Division of | 6,503,125 | |
| 97.078 | Buffer Zone Protection Plan | Military, Division of | 67,201 | |
| 97.082 | Earthquake Consortium | Military, Division of | 25,232 | |
| 97.089 | Driver's License Security Grant Program | Transportation Department, Idaho | 258,684 | |
| | **Pass-Through From Non-State Entities:** | | | |
| 97.107 | National Incident Management System (NIMS)<br>NEMA; Grantor Number 12-SA-090-1849 | Military, Division of | 49,793 | PT |
| | **TOTAL DEPARTMENT OF HOMELAND SECURITY** | | $14,938,017 | |
| | **TOTAL EXPENDITURES OF FEDERAL AWARDS** | | **$2,918,350,824** | |

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# SCHEDULE
# OF
# EXPENDITURES OF FEDERAL AWARDS
# BY STATE AGENCY

**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY STATE AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | STATE AGENCY<br>FEDERAL PROGRAM TITLE | FEDERAL AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **ADMINISTRATION, DEPARTMENT OF** | | | |
| 39.003 | Donation of Federal Surplus Personal Property | General Services Administration | $738,551 | NC |
| | **TOTAL ADMINISTRATION, DEPARTMENT OF** | | $738,551 | |
| | **AGING, COMMISSION ON** | | | |
| 17.235 | Senior Community Service Employment Program | Department of Labor | $471,104 | |
| 93.041 | Programs for Prevention of Elder Abuse, Neglect, and Exploitation | Health and Human Services | 34,600 | |
| 93.042 | Long Term Care Ombudsman Services for Older Individuals | Health and Human Services | 106,652 | |
| 93.043 | Disease Prevention and Health Promotion Services | Health and Human Services | 111,829 | |
| 93.044 | Grants for Supportive Services and Senior Centers | Health and Human Services | 2,420,676 | |
| 93.045 | Nutrition Services | Health and Human Services | 2,541,548 | |
| 93.048 | Special Programs for the Aging - Discretionary Projects | Health and Human Services | 557,147 | |
| 93.051 | Alzheimer's Disease Demonstration Grants to States | Health and Human Services | 64,694 | |
| 93.052 | National Family Caregiver Support | Health and Human Services | 712,319 | |
| 93.053 | Nutrition Services Incentive Program | Health and Human Services | 661,391 | |
| 93.071 | Medicare Enrollment Assistance Program | Health and Human Services | 26,263 | |
| | **TOTAL AGING, COMMISSION ON** | | $7,708,223 | |
| | **AGRICULTURE, DEPARTMENT OF** | | | |
| 10.025 | Plant and Animal Disease, Pest Control, and Animal Care | Department of Agriculture | $959,197 | |
| 10.162 | Inspection Grading and Standardization | Department of Agriculture | 61,795 | |
| 10.163 | Market Protection and Promotion | Department of Agriculture | 38,828 | |
| 10.170 | Specialty Crop Block Grant Program - Farm Bill | Department of Agriculture | 936,578 | R&D |
| 10.171 | Organic Certification Cost Share Programs | Department of Agriculture | 100,000 | |
| 10.304 | Homeland Security - Agricultural | Department of Agriculture | 1,100 | PT |
| 10.604 | Technical Assistance for Specialty Crops | Department of Agriculture | 71,069 | |
| 10.664 | Cooperative Forestry Assistance | Department of Agriculture | 233,297 | |
| 10.680 | Forest Health Protection | Department of Agriculture | 81,416 | |
| 10.688 | ARRA - Wildland Fire Management | Department of Agriculture | 1,122,282 | |
| 10.950 | Agricultural Statistics Reports | Department of Agriculture | 41,772 | |
| 10.999 | Forest Service Aquatic Invasive Species Monitoring | Department of Agriculture | 24,372 | |
| 15.230 | Invasive and Noxious Plant Management | Department of the Interior | 46,015 | |
| 15.231 | Fish, Wildlife and Plant Conservation Resource Management | Department of the Interior | 49,861 | |
| 15.630 | Coastal Program | Department of the Interior | 20,835 | |
| 15.649 | Service Training and Technical Assistance (Generic Training) | Department of the Interior | 7,199 | PT |
| 66.700 | Consolidated Pesticide Enforcement Cooperative Agreements | Environmental Protection Agency | 440,712 | |
| | **TOTAL AGRICULTURE, DEPARTMENT OF** | | $4,236,328 | |
| | **ARTS, COMMISSION ON THE** | | | |
| 45.025 | Promotion of the Arts - Partnership Agreements | Natl. Found. on Arts & Humanities | $945,156 | |
| | **TOTAL ARTS, COMMISSION ON THE** | | $945,156 | |
| | **ATTORNEY GENERAL, OFFICE OF THE** | | | |
| 16.543 | Missing Children's Assistance | Department of Justice | $175,242 | |
| 16.800 | ARRA - Internet Crimes against Children Task Force Program | Department of Justice | 83,587 | |
| 93.775 | State Medicaid Fraud Control Units | Health and Human Services | 533,599 | |
| | **TOTAL ATTORNEY GENERAL, OFFICE OF THE** | | $792,428 | |
| | **BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE** | | | |
| 84.126 | Rehabilitation Services - Vocational Rehabilitation Grants to States | Department of Education | $2,327,263 | |
| 84.169 | Independent Living - State Grants | Department of Education | 116,513 | |
| 84.177 | Independent Living Services for Older Individuals Who Are Blind | Department of Education | 225,000 | |
| 84.187 | Supported Employment Services for Individuals w/Significant Disabilities | Department of Education | 6,000 | |
| 84.265 | State Vocational Rehabilitation Unit In-Service Training | Department of Education | 18,009 | |
| | **TOTAL BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE** | | $2,692,785 | |
| | **BUILDING SAFETY, DIVISION OF** | | | |
| 14.171 | Manufactured Home Dispute Resolution | Housing and Urban Development | $28,120 | |
| | **TOTAL BUILDING SAFETY, DIVISION OF** | | $28,120 | |
| | **COMMERCE, DEPARTMENT OF** | | | |
| 12.002 | Procurement Technical Assistance for Business Firms | Department of Defense | $146,304 | |
| 14.228 | Community Development Block Grants/State's Program | Housing and Urban Development | 8,213,948 | |
| 14.228 | ARRA - Community Development Block Grants | Housing and Urban Development | 50,828 | |
| 59.058 | Fed and State Tech Partnership Program (FAST) | Small Business Administration | 17,000 | |
| 59.061 | State Trade and Export Promotion Pilot Grant Program | Small Business Administration | 301,649 | |
| | **TOTAL COMMERCE, DEPARTMENT OF** | | $8,729,729 | |

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**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY STATE AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | STATE AGENCY<br>FEDERAL PROGRAM TITLE | FEDERAL AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **CORRECTION, DEPARTMENT OF** | | | |
| 16.606 | State Criminal Alien Assistance Program | Department of Justice | $188,436 | |
| 16.810 | ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs | Department of Justice | 22,427 | |
| 84.331 | Workplace and Community Transition Training for Incarcerated Individuals | Department of Education | 26,486 | |
| | **TOTAL CORRECTION, DEPARTMENT OF** | | $237,349 | |
| | **EDUCATION, STATE BOARD OF** | | | |
| 84.367 | Improving Teacher Quality State Grants | Department of Education | $334,664 | |
| 84.372 | Statewide Data Systems | Department of Education | 182,191 | |
| 84.378 | College Access Challenge Grant Program | Department of Education | 1,112,629 | |
| | **TOTAL EDUCATION, STATE BOARD OF** | | $1,629,484 | |
| | **ENERGY RESOURCES, OFFICE OF** | | | |
| 81.041 | ARRA - State Energy Program | Department of Energy | $1,172,292 | |
| 81.041 | State Energy Program | Department of Energy | 223,607 | |
| 81.087 | Renewable Energy Research and Development | Department of Energy | 33,806 | PT |
| 81.119 | State Energy Program Special Projects | Department of Energy | 84,913 | |
| 81.122 | ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis | Department of Energy | 31,082 | |
| 81.128 | ARRA - Energy Efficiency and Conservation Community Block Grant | Department of Energy | 505,797 | |
| 81.999 | Building a Roadmap Foundation | Department of Energy | 39,643 | PT |
| | **TOTAL ENERGY RESOURCES, OFFICE OF** | | $2,091,140 | |
| | **ENVIRONMENTAL QUALITY, DEPARTMENT OF** | | | |
| 10.912 | Environmental Quality Incentives Program | Department of Agriculture | $12,122 | PT |
| 12.113 | Agreement Program for the Reimbursement of Technical Services | Department of Defense | 129,251 | |
| 15.236 | Hazards/Hazmat | Department of the Interior | 35,789 | |
| 66.001 | Air Pollution Control Program Support | Environmental Protection Agency | 1,747,276 | |
| 66.034 | Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Air Act | Environmental Protection Agency | 409,830 | |
| 66.034 | Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Air Act | Environmental Protection Agency | 75,996 | NC |
| 66.039 | National Clean Diesel Emissions Reduction Program | Environmental Protection Agency | 13,804 | |
| 66.040 | State Clean Diesel Grant Program | Environmental Protection Agency | 326,607 | |
| 66.202 | Congressionally Mandated Projects | Environmental Protection Agency | 96,786 | |
| 66.419 | Water Pollution Control State, Interstate, and Tribal Program Support | Environmental Protection Agency | 1,899,887 | |
| 66.419 | Water Pollution Control State, Interstate, and Tribal Program Support | Environmental Protection Agency | 244,400 | NC |
| 66.432 | State Public Water System Supervision | Environmental Protection Agency | 1,172,150 | |
| 66.454 | Water Quality Management Planning | Environmental Protection Agency | 106,519 | |
| 66.458 | ARRA - Capitalization Grants for Clean Water State Revolving Funds | Environmental Protection Agency | (566,977) | |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds | Environmental Protection Agency | 6,908,837 | |
| 66.460 | Nonpoint Source Implementation Grants | Environmental Protection Agency | 2,199,498 | |
| 66.468 | Capitalization Grants for Drinking Water State Revolving Funds | Environmental Protection Agency | 11,937,595 | |
| 66.606 | Surveys, Studies, Investigations and Special Purpose Grants | Environmental Protection Agency | (5,574) | |
| 66.608 | Environmental Information Exchange Network Grant Program | Environmental Protection Agency | 81,801 | |
| 66.708 | Pollution Prevention Grants Program | Environmental Protection Agency | 86,846 | |
| 66.801 | Hazardous Waste Management State Program Support | Environmental Protection Agency | 272,875 | |
| 66.802 | ARRA - Superfund State, Political Sub. & Indian Tribe Site - Specific Cooperative Agmts. | Environmental Protection Agency | 52,435 | |
| 66.802 | Superfund State, Political Sub. & Indian Tribe Site - Specific Cooperative Agmts. | Environmental Protection Agency | 16,764,725 | |
| 66.804 | Underground Storage Tank Prevention, Detection and Compliance Program | Environmental Protection Agency | 363,930 | |
| 66.805 | Leaking Underground Storage Tank Trust Fund Corrective Action Program | Environmental Protection Agency | 1,055,789 | |
| 66.809 | Superfund State and Indian Tribe Core Program Cooperative Agreements | Environmental Protection Agency | 172,085 | |
| 66.817 | State and Tribal Response Program Grants | Environmental Protection Agency | 922,087 | |
| 66.818 | ARRA - Brownfields Assessment and Cleanup Cooperative Agreements | Environmental Protection Agency | 214,902 | |
| 81.106 | Transport of Transuranic Wastes to the Waste Isolation Pilot Plant | Department of Energy | 217,892 | PT |
| 81.502 | Idaho National Laboratory Oversight | Department of Energy | 2,488,500 | |
| | **TOTAL ENVIRONMENTAL QUALITY, DEPARTMENT OF** | | $49,437,663 | |
| | **FISH AND GAME, DEPARTMENT OF** | | | |
| 10.025 | Plant and Animal Disease, Pest Control, and Animal Care | Department of Agriculture | $360 | |
| 10.093 | Miscellaneous Commodity Credit Corporation | Department of Agriculture | 283,388 | |
| 10.999 | Miscellaneous Forest Service Grants | Department of Agriculture | 414,407 | |
| 10.999 | Miscellaneous Natural Resources Conservation Service Grants | Department of Agriculture | 105,339 | |
| 11.407 | Interjurisdictional Fisheries Act of 1986 | Department of Commerce | 6,770 | |
| 11.436 | Columbia River Fisheries Development Program | Department of Commerce | 1,265,865 | |
| 11.438 | Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program | Department of Commerce | 389,647 | |
| 11.441 | Regional Fishery Management Councils | Department of Commerce | 12,888 | |
| 11.999 | Miscellaneous NOAA Grants | Department of Commerce | 877,979 | |
| 12.999 | Miscellaneous Army Corps of Engineers Grants | Department of Defense | 4,410 | |
| 15.230 | Invasive and Noxious Plant Management | Department of the Interior | 68,962 | |
| 15.231 | Fish, Wildlife, and Plant Conservation Resource Management | Department of the Interior | 274,301 | |
| 15.238 | Challenge Cost Share | Department of the Interior | 251,916 | |
| 15.605 | Sport Fish Restoration | Department of the Interior | 6,491,296 | |
| 15.608 | Fish and Wildlife Management Assistance | Department of the Interior | 76,328 | |
| 15.611 | Wildlife Restoration and Basic Hunter Education | Department of the Interior | 7,075,155 | |
| 15.615 | Cooperative Endangered Species Conservation Fund | Department of the Interior | 406,322 | |

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

**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY STATE AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | STATE AGENCY FEDERAL PROGRAM TITLE | FEDERAL AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| 15.633 | Landowner Incentive | Department of the Interior | 79,657 | |
| 15.634 | State Wildlife Grants | Department of the Interior | 991,262 | |
| 15.649 | Service Training and Technical Assistance | Department of the Interior | 5,858,360 | |
| 15.999 | Miscellaneous Fish and Wildlife Service Grants | Department of the Interior | 221,020 | |
| 15.999 | Miscellaneous Bureau of Reclamation Grants | Department of the Interior | 583,853 | |
| 15.999 | Miscellaneous National Park Services Grants | Department of the Interior | 6,963 | |
| 66.461 | Regional Wetland Program Development Grants | Environmental Protection Agency | 67,149 | |
| 81.999 | Miscellaneous Bonneville Power Administration Grants | Department of Energy | 22,041,597 | |
| 81.999 | Miscellaneous Bonneville Power Administration Grants | Department of Energy | 820,000 | NC |
| | **TOTAL FISH AND GAME, DEPARTMENT OF** | | $48,675,194 | |
| | **HEALTH AND WELFARE, DEPARTMENT OF** | | | |
| 10.551 | Supplemental Nutrition Assistance Program (SNAP) | Department of Agriculture | $350,139,640 | NC |
| 10.557 | Supplemental Nutrition for Women, Infants, and Children (WIC) | Department of Agriculture | 28,889,958 | |
| 10.561 | State Administrative Matching Grants - Supplemental Nutrition Assist. Program | Department of Agriculture | 10,416,761 | |
| 10.568 | Emergency Food Assistance Program (Administrative Costs) | Department of Agriculture | 279,238 | |
| 10.569 | Emergency Food Assistance Program (Food Commodities) | Department of Agriculture | 3,661,809 | NC |
| 10.578 | WIC Grants to States | Department of Agriculture | 699,508 | |
| 16.575 | Crime Victim Assistance | Department of Justice | 2,395,837 | |
| 16.801 | ARRA - State Victim Assistance | Department of Justice | 57,272 | |
| 66.032 | State Indoor Radon Grants | Environmental Protection Agency | 62,744 | |
| 66.034 | Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Air Act | Environmental Protection Agency | 18,511 | |
| 81.042 | Weatherization Assistance for Low-Income Persons | Department of Energy | 1,328,395 | |
| 81.042 | ARRA - Weatherization Assistance for Low-Income Persons | Department of Energy | (6,663) | |
| 81.999 | Weatherization Conference | Department of Energy | 491,334 | |
| 84.181 | Special Education - Grants for Infants and Families | Department of Education | 2,704,430 | |
| 93.069 | Public Health Emergency Preparedness | Health and Human Services | 5,259,921 | |
| 93.087 | Enhance Safety of Children Affected by Substance Abuse | Health and Human Services | 301,310 | |
| 93.090 | Guardianship Assistance | Health and Human Services | 14,578 | |
| 93.092 | Affordable Care Act (ACA) Personal Responsibility Education Program | Health and Human Services | 335,695 | |
| 93.110 | Maternal and Child Health Federal Consolidated Programs | Health and Human Services | 177,263 | |
| 93.116 | Project Grants and Cooperative Agreements for Tuberculosis Control | Health and Human Services | 157,615 | |
| 93.127 | Emergency Medical Services for Children | Health and Human Services | 166,831 | |
| 93.130 | Cooperative Agmts. - States/Territories - Coord. & Develop. of Primary Care Ofcs. | Health and Human Services | 112,237 | |
| 93.136 | Injury Prevent. & Control Research/State and Community Based Prog. | Health and Human Services | 211,700 | |
| 93.150 | Projects for Assistance in Transition from Homelessness | Health and Human Services | 245,712 | |
| 93.217 | Family Planning - Services | Health and Human Services | 1,771,210 | |
| 93.240 | State Capacity Building | Health and Human Services | 219,874 | |
| 93.241 | State Rural Hospital Flexibility Program | Health and Human Services | 544,652 | |
| 93.243 | Substance Abuse & Mental Health Svs. - Projects of Regional & Natl. Significance | Health and Human Services | 606,034 | |
| 93.251 | Universal Newborn Hearing Screening | Health and Human Services | 194,740 | |
| 93.268 | Immunization Cooperative Agreements | Health and Human Services | 1,795,622 | |
| 93.268 | Immunization Cooperative Agreements | Health and Human Services | 19,427,770 | NC |
| 93.270 | Adult Viral Hepatitis Prevention and Control | Health and Human Services | 19,851 | |
| 93.275 | Substance Abuse and Mental Health Services - Access to Recovery | Health and Human Services | 4,045,015 | |
| 93.283 | Centers for Disease Control & Prevention - Investigations & Technical Assistance | Health and Human Services | 3,067,691 | |
| 93.301 | Small Rural Hospital Improvement Grant Program | Health and Human Services | 229,925 | |
| 93.414 | ARRA - State Primary Care Offices | Health and Human Services | 85,710 | |
| 93.505 | Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program | Health and Human Services | 1,232,971 | |
| 93.507 | PPHF 2012 National Public Health Improvement Initiative | Health and Human Services | 313,089 | |
| 93.520 | Affordable Care Act Communities Putting Prevention to Work | Health and Human Services | 482 | |
| 93.521 | Affordable Care Act Building Epi., Lab., & Health Info. Sys. Capacity in the ELC & EIP | Health and Human Services | 349,396 | |
| 93.544 | Coordinated Chronic Disease prevention and Health Promotion Program | Health and Human Services | 186,052 | |
| 93.556 | Promoting Safe and Stable Families | Health and Human Services | 1,482,068 | |
| 93.557 | Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth | Health and Human Services | 118,428 | |
| 93.558 | Temporary Assistance for Needy Families | Health and Human Services | 22,563,163 | |
| 93.563 | Child Support Enforcement | Health and Human Services | 15,742,714 | |
| 93.566 | Refugee and Entrant Assistance - State Administered Programs | Health and Human Services | 1,730,670 | |
| 93.568 | Low-Income Home Energy Assistance | Health and Human Services | 20,259,592 | |
| 93.569 | Community Services Block Grant | Health and Human Services | 3,453,424 | |
| 93.575 | Child Care and Development Block Grant | Health and Human Services | 17,333,197 | |
| 93.576 | Refugee and Entrant Assistance Discretionary Grants | Health and Human Services | 95,928 | |
| 93.590 | Community-Based Child Abuse Prevention Grants | Health and Human Services | 157,100 | |
| 93.596 | Child Care Mandatory & Matching Funds of the Child Care and Develop. Fund | Health and Human Services | 3,121,043 | |
| 93.597 | Grants to States for Access and Visitation Programs | Health and Human Services | 126,178 | |
| 93.599 | Chafee Education and Training Vouchers Program | Health and Human Services | 85,572 | |
| 93.600 | Head Start | Health and Human Services | 125,815 | |
| 93.603 | Adoption Incentive Payments | Health and Human Services | 310,744 | |
| 93.624 | Affordable Care Act Funding for Model Design and Model Testing Assistance | Health and Human Services | 33,968 | |
| 93.630 | Developmental Disabilities Basic Support and Advocacy Grants | Health and Human Services | 454,501 | |
| 93.643 | Children's Justice Grants To States | Health and Human Services | 112,838 | |
| 93.645 | Stephanie Tubbs Jones Child Welfare Services Program | Health and Human Services | 2,233,372 | |

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**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY STATE AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | STATE AGENCY<br>FEDERAL PROGRAM TITLE | FEDERAL AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| 93.658 | Foster Care-Title IV-E | Health and Human Services | 8,522,846 | |
| 93.659 | Adoption Assistance | Health and Human Services | 6,323,940 | |
| 93.667 | Social Services Block Grant | Health and Human Services | 8,884,602 | |
| 93.669 | Child Abuse and Neglect State Grants | Health and Human Services | 135,525 | |
| 93.671 | Family Violence Prevention & Services/Grants for Battered Women's Shelters | Health and Human Services | 893,835 | |
| 93.674 | Chafee Foster Care Independence Program | Health and Human Services | 736,094 | |
| 93.716 | ARRA - Temporary Assistance for Needy Families (TANF) Supplemental Grants | Health and Human Services | 3,498,046 | |
| 93.717 | ARRA - Preventing Healthcare-Associated Infections | Health and Human Services | (65,571) | |
| 93.723 | ARRA - Prevention and Wellness - State, Territories and Pacific Islands | Health and Human Services | 20,765 | |
| 93.729 | ARRA - Health Information Technology and Public Health | Health and Human Services | 435,665 | |
| 93.735 | State Public Health Approaches for Ensuring Quitline Capacity | Health and Human Services | 93,472 | |
| 93.744 | PPHF 2012: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories | Health and Human Services | 110,058 | |
| 93.767 | Children's Health Insurance Program | Health and Human Services | 42,532,346 | |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers | Health and Human Services | 2,354,598 | |
| 93.778 | Medical Assistance Program | Health and Human Services | 1,221,862,068 | |
| 93.791 | Money Follows the Person Rebalancing Demonstration | Health and Human Services | 2,717,246 | |
| 93.889 | National Bioterrorism Hospital Preparedness Program | Health and Human Services | 2,335,323 | |
| 93.913 | Grants to States for Operation of Offices of Rural Health | Health and Human Services | 164,567 | |
| 93.917 | HIV Care Formula Grants | Health and Human Services | 1,745,136 | |
| 93.919 | Comprehensive Breast and Cervical Cancer Early Detection Programs | Health and Human Services | 1,280,773 | |
| 93.940 | HIV Prevention Activities - Health Department Based | Health and Human Services | 762,759 | |
| 93.944 | HIV/AIDS Surveillance | Health and Human Services | 129,225 | |
| 93.958 | Block Grants for Community Mental Health Services | Health and Human Services | 2,122,778 | |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse | Health and Human Services | 6,447,809 | |
| 93.977 | Preventive Health Services - Sexually Transmitted Diseases Control Grants | Health and Human Services | 447,886 | |
| 93.991 | Preventive Health and Health Services Block Grant | Health and Human Services | 298,946 | |
| 93.994 | Maternal and Child Health Services Block Grant to the States | Health and Human Services | 2,820,605 | |
| 93.999 | Clinical Laboratory Improvement Amendments | Health and Human Services | 166,191 | |
| 93.999 | Drug Alcohol Information | Health and Human Services | 38,306 | |
| 93.999 | Food Sanitation Inspection | Health and Human Services | 48,922 | |
| 93.999 | Mammography Quality | Health and Human Services | 48,123 | |
| 93.999 | State EPI Outcomes | Health and Human Services | 136,931 | |
| 96.999 | Vital Statistics Birth Records Grants | Social Security Administration | 67,782 | |
| 96.999 | Vital Statistics Cooperative Program | Social Security Administration | 235,648 | |
| 96.999 | Social Security Birth and Death Reports | Social Security Administration | 42,236 | |
| | **TOTAL HEALTH AND WELFARE, DEPARTMENT OF** | | $1,850,147,516 | |
| | **HISPANIC AFFAIRS, COMMISSION ON** | | | |
| 93.307 | Minority Health and Health Disparities Research | Health and Human Services | $2,891 | PT |
| | **TOTAL HISPANIC AFFAIRS, COMMISSION ON** | | $2,891 | |
| | **HISTORICAL SOCIETY, IDAHO STATE** | | | |
| 15.224 | Cultural Resource Management | Department of the Interior | $5,938 | |
| 15.238 | Challenge Cost Sharing | Department of the Interior | 4,179 | |
| 15.904 | Historic Preservation Fund Grants-in-Aid | Department of the Interior | 667,671 | |
| 15.929 | Save America's Treasures | Department of the Interior | 36,920 | |
| 45.129 | Promotion of the Humanities - Federal/State Partnership | Natl. Found. on Arts & Humanities | 10,000 | PT |
| 89.003 | National Historical Publications and Records Grants | Natl. Archives & Records Admin. | 37,143 | |
| | **TOTAL HISTORICAL SOCIETY, IDAHO STATE** | | $761,851 | |
| | **INDUSTRIAL COMMISSION** | | | |
| 16.576 | Crime Victim Compensation | Department of Justice | $927,780 | |
| | **TOTAL INDUSTRIAL COMMISSION** | | $927,780 | |
| | **INSURANCE, DEPARTMENT OF** | | | |
| 93.779 | Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations | Health and Human Services | $477,118 | |
| | **TOTAL INSURANCE, DEPARTMENT OF** | | $477,118 | |
| | **JUDICIAL DEPARTMENT** | | | |
| 16.013 | Violence Against Women Act Court Training and Improvement Grants | Department of Justice | $64,249 | |
| 16.585 | Drug Court Discretionary Grant Program | Department of Justice | 76,569 | |
| 16.745 | Criminal and Juvenile Justice and Mental Health Collaboration Program | Department of Justice | 66,766 | |
| 16.756 | Court Appointed Special Advocates | Department of Justice | 5,451 | PT |
| 93.243 | Substance Abuse and Mental Health Services | Health and Human Services | 26,392 | |
| 93.586 | State Court Improvement Program | Health and Human Services | 362,591 | |
| | **TOTAL JUDICIAL DEPARTMENT** | | $602,018 | |
| | **JUVENILE CORRECTIONS, DEPARTMENT OF** | | | |
| 16.523 | Juvenile Accountability Block Grants | Department of Justice | $349,906 | |
| 16.540 | Juvenile Justice and Delinquency Prevention - Allocation to States | Department of Justice | 447,050 | |
| 16.548 | Title V - Delinquency Prevention Program | Department of Justice | 70,106 | |
| 16.727 | Enforcing Underage Drinking Laws Program | Department of Justice | 357,057 | |
| 84.358 | Rural Education | Department of Education | 8,894 | |
| | **TOTAL JUVENILE CORRECTIONS, DEPARTMENT OF** | | $1,233,013 | |

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**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY STATE AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | STATE AGENCY<br>FEDERAL PROGRAM TITLE | FEDERAL AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **LABOR, DEPARTMENT OF** | | | |
| 17.002 | Labor Force Statistics | Department of Labor | $648,288 | R&D |
| 17.005 | Compensation and Working Conditions | Department of Labor | 9,855 | |
| 17.207 | Employment Service/Wagner-Peyser Funded Activities | Department of Labor | 6,321,212 | |
| 17.225 | Unemployment Insurance | Department of Labor | 255,958,178 | |
| 17.235 | Senior Community Service Employment Program | Department of Labor | (71) | |
| 17.245 | Trade Adjustment Assistance | Department of Labor | 341,282 | |
| 17.258 | WIA Adult Program | Department of Labor | 3,394,419 | |
| 17.259 | WIA Youth Activities | Department of Labor | 4,015,615 | |
| 17.261 | WIA Pilots, Demonstrations, and Research Projects | Department of Labor | 166,062 | R&D |
| 17.266 | Disability Program Navigators | Department of Labor | 29 | |
| 17.271 | Work Opportunity Tax Credit (WOTC) Program | Department of Labor | 84,680 | |
| 17.273 | Temporary Labor Certification for Foreign Workers | Department of Labor | 155,291 | |
| 17.275 | ARRA - Worker Training and Placement in High Growth and Emerging Industry Sectors | Department of Labor | 1,050,077 | |
| 17.277 | WIA National Emergency Grants | Department of Labor | 1,037,466 | |
| 17.278 | WIA Dislocated Workers | Department of Labor | 4,632,763 | |
| 17.801 | Disabled Veterans' Outreach Program | Department of Labor | 619,349 | |
| 17.802 | Veterans' Employment Program | Department of Labor | 186,361 | |
| 17.804 | Local Veterans' Employment Representative Program | Department of Labor | 186,497 | |
| 17.807 | Transition Assistance Program | Department of Labor | 6,188 | |
| 93.509 | Affordable Care Act State Health Care Workforce Development Grants | Health and Human Services | (1,633) | |
| 94.003 | State Commissions | Corp. for Natl. & Community Svc. | 145,561 | |
| 94.006 | AmeriCorps | Corp. for Natl. & Community Svc. | 1,830,698 | |
| 94.007 | Program Development and Innovation Grants | Corp. for Natl. & Community Svc. | 29,540 | |
| 94.009 | Training and Technical Assistance | Corp. for Natl. & Community Svc. | 26,061 | |
| 96.001 | Social Security - Disability Insurance | Social Security Administration | 8,300,737 | |
| | **TOTAL LABOR, DEPARTMENT OF** | | $289,144,505 | |
| | **LANDS, DEPARTMENT OF** | | | |
| 10.064 | Forestry Incentives Program | Department of Agriculture | $30,627 | |
| 10.664 | Cooperative Forestry Assistance | Department of Agriculture | 3,055,303 | |
| 10.672 | Rural Development, Forestry, and Communities | Department of Agriculture | 27,283 | |
| 10.676 | Forest Legacy Program | Department of Agriculture | 67,177 | |
| 10.680 | Forest Health Protection | Department of Agriculture | 274,864 | |
| 10.688 | ARRA - Wildland Fire Management | Department of Agriculture | 84,038 | |
| | **TOTAL LANDS, DEPARTMENT OF** | | $3,539,292 | |
| | **LIBRARIES, IDAHO COMMISSION FOR** | | | |
| 11.557 | ARRA - Broadband Technology Opportunities Program (BTOP) | Department of Commerce | $669,232 | |
| 45.129 | Promotion of the Humanities - Federal/State Partnership | Natl. Found. on Arts & Humanities | 11,111 | PT |
| 45.310 | Grants to States | Natl. Found. on Arts & Humanities | 1,271,007 | |
| 45.312 | National Leadership Grants | Natl. Found. on Arts & Humanities | 130,774 | |
| | **TOTAL LIBRARIES, IDAHO COMMISSION FOR** | | $2,082,124 | |
| | **MILITARY, DIVISION OF** | | | |
| 11.555 | Public Safety Interoperable Communications Grant Program | Department of Commerce | $282,601 | |
| 12.401 | National Guard Military Operations and Maintenance Projects | Department of Defense | 26,366,291 | |
| 12.401 | National Guard Military Operations and Maintenance Projects | Department of Defense | (1,377,269) | NC |
| 20.703 | Interagency Hazardous Materials Public Sector Training and Planning Grants | Department of Transportation | 2,762 | |
| 97.029 | Flood Mitigation Assistance | Department of Homeland Security | 46,885 | |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Department of Homeland Security | 2,146,087 | |
| 97.039 | Hazard Mitigation Grant | Department of Homeland Security | 38,737 | |
| 97.042 | Emergency Management Performance Grants | Department of Homeland Security | 3,192,203 | |
| 97.047 | Pre-Disaster Mitigation | Department of Homeland Security | 970,348 | |
| 97.055 | Interoperable Emergency Communications | Department of Homeland Security | 127,432 | |
| 97.067 | Homeland Security Grant Program | Department of Homeland Security | 6,503,125 | |
| 97.078 | Buffer Zone Protection Plan | Department of Homeland Security | 67,201 | |
| 97.082 | Earthquake Consortium | Department of Homeland Security | 25,232 | |
| 97.107 | National Incident Management System (NIMS) | Department of Homeland Security | 49,793 | PT |
| | **TOTAL MILITARY, DIVISION OF** | | $38,441,428 | |
| | **PARKS AND RECREATION, DEPARTMENT OF** | | | |
| 15.616 | Clean Vessel Act | Department of the Interior | $74,189 | |
| 15.622 | Sportfishing and Boating Safety Act | Department of the Interior | 141,212 | |
| 15.916 | Outdoor Recreation - Acquisition, Development, and Planning | Department of the Interior | 398,536 | |
| 15.929 | Save America's Treasures | Department of the Interior | 201,704 | |
| 20.219 | Recreational Trails Program | Department of Transportation | 1,171,890 | |
| 66.818 | Brownfields Assessment and Cleanup Cooperative Agreements | Environmental Protection Agency | 146,274 | |
| 97.012 | Boating Safety Financial Assistance | Department of Homeland Security | 1,019,254 | |
| | **TOTAL PARKS AND RECREATION, DEPARTMENT OF** | | $3,153,059 | |

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**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY STATE AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | STATE AGENCY<br>FEDERAL PROGRAM TITLE | FEDERAL AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **PHARMACY, BOARD OF** | | | |
| 16.754 | Harold Rogers Prescription Drug Monitoring Program | Department of Justice | $47,902 | |
| | **TOTAL PHARMACY, BOARD OF** | | $47,902 | |
| | **POLICE, IDAHO STATE** | | | |
| 16.017 | Sexual Assault Services | Department of Justice | $125,623 | |
| 16.550 | State Justice Statistics Program for Statistical Analysis Centers | Department of Justice | 66,809 | |
| 16.580 | Edward Byrne Memorial Law Enforcement Assistance Discretionary Grants | Department of Justice | 65,164 | |
| 16.588 | Violence Against Women Formula Grants | Department of Justice | 1,133,460 | |
| 16.593 | Residential Substance Abuse Treatment for State Prisoners | Department of Justice | 129,456 | |
| 16.609 | Project Safe Neighborhoods | Department of Justice | 45,328 | |
| 16.710 | Public Safety Partnership and Community Policing Grants | Department of Justice | 166,835 | |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant Program | Department of Justice | 1,089,879 | |
| 16.741 | DNA Backlog Reduction Program | Department of Justice | 102,426 | |
| 16.742 | Paul Coverdell Forensic Sciences Improvement Grant Program | Department of Justice | 26,410 | |
| 16.753 | Congressionally Recommended Awards | Department of Justice | 249,102 | |
| 16.803 | ARRA - Edward Byrne Memorial Justice Assistance Grant Program | Department of Justice | 1,914,712 | |
| 16.810 | ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs | Department of Justice | 114,885 | |
| 16.813 | National Criminal History Improvement Program | Department of Justice | 1,481,543 | |
| 16.922 | Equitable Sharing for Law Enforcement Agencies | Department of Justice | 249,209 | |
| 16.999 | Organized Crime and Drug Task Force | Department of Justice | 26,599 | |
| 20.218 | National Motor Carrier Safety | Department of Transportation | 1,534,824 | |
| 20.233 | Border Enforcement Grants | Department of Transportation | 73,257 | |
| | **TOTAL POLICE, IDAHO STATE** | | $8,595,521 | |
| | **PROFESSIONAL-TECHNICAL EDUCATION, DIVISION OF** | | | |
| 84.002 | Adult Education - Basic Grants to States | Department of Education | $2,357,476 | |
| 84.048 | Career and Technical Education - Basic Grants to States | Department of Education | 6,152,587 | |
| 97.043 | State Fire Training Systems Grants | Department of Homeland Security | 19,299 | |
| | **TOTAL PROFESSIONAL-TECHNICAL EDUCATION, DIVISION OF** | | $8,529,362 | |
| | **PUBLIC TELEVISION, IDAHO** | | | |
| 10.861 | Public Television Station Digital Transition Grant Program | Department of Agriculture | $357,223 | |
| 11.553 | Warning, Alert, and Response Network (WARN) Act | Department of Commerce | 5,106 | PT |
| | **TOTAL PUBLIC TELEVISION, IDAHO** | | $362,329 | |
| | **PUBLIC UTILITIES COMMISSION** | | | |
| 20.700 | Pipeline Safety | Department of Transportation | $108,800 | |
| 81.122 | ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis | Department of Energy | 161,800 | |
| | **TOTAL PUBLIC UTILITIES COMMISSION** | | $270,600 | |
| | **SECRETARY OF STATE** | | | |
| 39.011 | Election Reform | General Services Administration | $785,504 | |
| 90.401 | Help America Vote Act Requirements Payments | Election Assistance Commission | 1,370 | |
| 93.617 | Voting Access for Individuals with Disabilities - Grants to States | Health and Human Services | 5,896 | |
| | **TOTAL SECRETARY OF STATE** | | $792,770 | |
| | **SOIL & WATER CONSERVATION COMMISSION** | | | |
| 10.902 | Soil & Water Conservation | Department of Agriculture | $80,000 | |
| | **TOTAL SOIL & WATER CONSERVATION COMMISSION** | | $80,000 | |
| | **SPECIES CONSERVATION, OFFICE OF** | | | |
| 10.999 | Roadless - Implementation of Roadless Rule | Department of Agriculture | $17,259 | |
| 11.438 | Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program | Department of Commerce | 1,865,210 | |
| 15.231 | Fish, Wildlife, and Plant Conservation Resource Management | Department of the Interior | 32,116 | |
| 15.608 | Fish and Wildlife Management Assistance | Department of the Interior | 133,555 | |
| 15.657 | Endangered Species Conservation - Recovery Implementation Funds | Department of the Interior | 3,949,290 | |
| 81.999 | Idaho OSC Accord Planning and Development | Department of Energy | 412,331 | |
| 81.999 | Upper Salmon Screen Tributary Passage | Department of Energy | 414,510 | |
| 81.999 | Exp-Lemhi River Restoration Planning | Department of Energy | 1,344,626 | |
| 81.999 | Clearwater Focus Program | Department of Energy | 84,537 | |
| 81.999 | Bull Trout Recovery Plan - FINS | Department of Energy | 1,200 | |
| 81.999 | Exp-Pahsimeroi River Habitat | Department of Energy | 46,551 | |
| 81.999 | Yankee Fork Side Channel Restoration | Department of Energy | 1,247,966 | |
| 81.999 | Lower Clearwater Potlatch Watershed | Department of Energy | 9,073 | |
| | **TOTAL SPECIES CONSERVATION, OFFICE OF** | | $9,558,224 | |

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**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY STATE AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | STATE AGENCY<br>FEDERAL PROGRAM TITLE | FEDERAL AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **SUPERINTENDENT OF PUBLIC INSTRUCTION** | | | |
| 10.553 | School Breakfast Program | Department of Agriculture | $16,497,122 | |
| 10.555 | National School Lunch Program | Department of Agriculture | 6,358,500 | NC |
| 10.555 | National School Lunch Program | Department of Agriculture | 49,445,827 | |
| 10.556 | Special Milk Program for Children | Department of Agriculture | 163,128 | |
| 10.558 | Child and Adult Care Food Program | Department of Agriculture | 6,893,244 | |
| 10.559 | Summer Food Service Program for Children | Department of Agriculture | 4,372,709 | |
| 10.560 | State Administrative Expenses for Child Nutrition | Department of Agriculture | 1,291,646 | |
| 10.574 | Team Nutrition Grants | Department of Agriculture | 228,514 | |
| 10.579 | Child Nutrition Discretionary Grants Limited Availability | Department of Agriculture | 244,171 | |
| 10.582 | Fresh Fruit and Vegetable Program | Department of Agriculture | 1,888,874 | |
| 12.900 | Language Grant Program | Department of Defense | 10,188 | |
| 15.130 | Indian Education - Assistance to Schools | Department of the Interior | 74,516 | |
| 43.AAA | Aerospace Education Services Program | Natl. Aeronautics and Space Admin. | 384,334 | |
| 84.010 | Title I Grants to Local Educational Agencies | Department of Education | 51,639,019 | |
| 84.011 | Migrant Education - State Grant Program | Department of Education | 3,559,511 | |
| 84.013 | Title I State Agency Program for Neglected & Delinquent Children and Youth | Department of Education | 556,396 | |
| 84.027 | Special Education - Grants to States | Department of Education | 57,123,684 | |
| 84.144 | Migrant Education - Coordination Program | Department of Education | 51,905 | |
| 84.173 | Special Education - Preschool Grants | Department of Education | 2,265,150 | |
| 84.196 | Education for Homeless Children and Youth | Department of Education | 253,407 | |
| 84.213 | Even Start - State Educational Agencies | Department of Education | 8,237 | |
| 84.287 | Twenty-First Century Community Learning Centers | Department of Education | 5,756,961 | |
| 84.318 | Education Technology State Grants | Department of Education | 378,471 | |
| 84.323 | Special Education - State Personnel Development | Department of Education | 590,900 | |
| 84.330 | Advanced Placement Program | Department of Education | 87,726 | |
| 84.334 | Gaining Early Awareness and Readiness for Undergraduate Programs | Department of Education | 2,364,602 | |
| 84.358 | Rural Education | Department of Education | 329,382 | |
| 84.365 | English Language Acquisition State Grants | Department of Education | 1,991,830 | |
| 84.366 | Mathematics and Science Partnerships | Department of Education | 1,098,509 | |
| 84.367 | Improving Teacher Quality State Grants | Department of Education | 12,708,419 | |
| 84.368 | Grants for Enhanced Assessment Instruments | Department of Education | 29,134 | |
| 84.369 | Grants for State Assessments and Related Activities | Department of Education | 4,028,583 | |
| 84.371 | Striving Readers | Department of Education | 107,142 | |
| 84.372 | Statewide Data Systems | Department of Education | 184,271 | |
| 84.377 | School Improvement Grants | Department of Education | 88,151 | |
| 84.388 | ARRA - School Improvement Grants | Department of Education | 2,346,229 | |
| 84.389 | ARRA - Title I Grants to Local Educational Agencies | Department of Education | 34,832 | |
| 84.410 | Education Job Funds | Department of Education | 5,290,757 | |
| 93.938 | Comprehensive Sch. Health Prog./Prevent Spread - HIV & Other Import. Health Prob. | Health and Human Services | 322,689 | |
| 94.013 | Volunteers in Service to America | Corp. for Natl. & Community Svc. | 43,689 | |
| | **TOTAL SUPERINTENDENT OF PUBLIC INSTRUCTION** | | $241,092,359 | |
| | **TAX COMMISSION, IDAHO** | | | |
| 20.205 | Highway Planning and Construction | Department of Transportation | $92,582 | R&D |
| 20.240 | Fuel Tax Evasion - Intergovernmental Enforcement Effort | Department of Transportation | 2,815 | R&D |
| | **TOTAL TAX COMMISSION, IDAHO** | | $95,397 | |
| | **TRANSPORTATION DEPARTMENT, IDAHO** | | | |
| 10.912 | Environmental Quality Incentives | Department of Agriculture | $227,341 | |
| 15.228 | National Fire Plan - Wildland Urban Interface Community Fire Assistance | Department of the Interior | 169,628 | |
| 20.106 | Airport Improvement Program | Department of Transportation | 231,282 | |
| 20.205 | ARRA - Highway Planning and Construction | Department of Transportation | 3,310,431 | |
| 20.205 | Highway Planning and Construction | Department of Transportation | 282,492,100 | |
| 20.205 | Highway Planning and Construction | Department of Transportation | 6,079,985 | R&D |
| 20.231 | Performance and Registration Information Systems Management | Department of Transportation | 8,910 | |
| 20.232 | Commercial Driver's License Program Improvement Grant | Department of Transportation | 368,340 | |
| 20.237 | Commercial Vehicle Information Systems and Networks | Department of Transportation | 1,611,886 | |
| 20.319 | High-Speed Rail Corridors and Intercity Passenger Rail Service | Department of Transportation | 103,403 | |
| 20.500 | Federal Transit - Capital Investment Grants | Department of Transportation | 697,528 | |
| 20.509 | ARRA - Formula Grants for Rural Areas | Department of Transportation | 467,464 | |
| 20.509 | Formula Grants for Rural Areas | Department of Transportation | 5,020,631 | |
| 20.513 | Enhanced Mobility of Seniors and Individuals with Disabilities | Department of Transportation | 683,092 | |
| 20.516 | Job Access - Reverse Commute | Department of Transportation | 697,114 | |
| 20.521 | New Freedom Program | Department of Transportation | 187,978 | |
| 20.600 | State and Community Highway Safety | Department of Transportation | 1,877,624 | |
| 20.601 | Alcohol Impaired Driving Countermeasures Incentive Grants I | Department of Transportation | 808,336 | |
| 20.610 | State Traffic Safety Information System Improvement Grants | Department of Transportation | 220,593 | |
| 20.611 | Incentive Grant Program to Prohibit Racial Profiling | Department of Transportation | 43,365 | |
| 20.612 | Incentive Grant Program to Increase Motorcyclist Safety | Department of Transportation | 70,914 | |
| 97.089 | Driver's License Security Grant Program | Department of Homeland Security | 258,684 | |
| | **TOTAL TRANSPORTATION DEPARTMENT, IDAHO** | | $305,636,629 | |

* Type of assistance other than direct cash. NC=Non-Cash; PT=Pass-Through; R&D=Research and Development.
The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**STATE OF IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**BY STATE AGENCY**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| CFDA | STATE AGENCY<br>FEDERAL PROGRAM TITLE | FEDERAL AGENCY | AMOUNT | TYPE* |
|---|---|---|---|---|
| | **VETERANS SERVICES, DIVISION OF** | | | |
| 64.014 | Veterans State Domiciliary Care | Department of Veterans Affairs | $369,632 | |
| 64.015 | Veterans State Nursing Home Care | Department of Veterans Affairs | 9,786,362 | |
| 64.101 | Burial Expenses Allowances for Veterans | Department of Veterans Affairs | 330,980 | |
| 64.203 | State Cemetery Grants | Department of Veterans Affairs | 1,164,868 | |
| | **TOTAL VETERANS SERVICES, DIVISION OF** | | $11,651,842 | |
| | **VOCATIONAL REHABILITATION, DIVISION OF** | | | |
| 84.126 | Rehabilitation Services - Vocational Rehabilitation Grants to States | Department of Education | $11,798,542 | |
| 84.169 | Independent Living - State Grants | Department of Education | 179,125 | |
| 84.187 | Supported Employment Services for Individuals w/Significant Disabilities | Department of Education | 344,277 | |
| 84.265 | State Vocational Rehabilitation Unit In-Service Training | Department of Education | 31,768 | |
| 84.398 | ARRA - Independent Living - State Grants | Department of Education | (4,169) | |
| | **TOTAL VOCATIONAL REHABILITATION, DIVISION OF** | | $12,349,543 | |
| | **WATER RESOURCES, DEPARTMENT OF** | | | |
| 10.902 | Soil & Water Conservation | Department of Agriculture | $15,576 | |
| 15.808 | U.S. Geological Survey - Research and Data Collection | Department of the Interior | 13,078 | R&D |
| 15.999 | Water Bank Program | Department of the Interior | 8,349 | |
| 66.433 | State Underground Water Source Protection | Environmental Protection Agency | 125,166 | |
| 81.999 | Tributary Water Conservation | Department of Energy | 197,694 | |
| 97.023 | Community Assistance Program - State Support Services Element | Department of Homeland Security | 85,817 | |
| 97.041 | National Dam Safety Program | Department of Homeland Security | 106,683 | |
| 97.045 | Cooperating Technical Partners | Department of Homeland Security | 281,237 | |
| | **TOTAL WATER RESOURCES, DEPARTMENT OF** | | $833,600 | |
| | **TOTAL EXPENDITURES OF FEDERAL AWARDS** | | **$2,918,350,824** | |

* Type of assistance other than direct cash. NC=Non-Cash; PT=Pass-Through; R&D=Research and Development.
The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**STATE OF IDAHO**
**NOTES TO SCHEDULES OF**
**EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2013**

## NOTE 1 – PURPOSE OF THE SCHEDULES

The Supplementary Schedules of Expenditures of Federal Awards (schedules) are in addition to the State's basic financial statements and are presented for purposes of additional analysis. The schedules are required by the Office of Management and Budget (OMB) *Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations*. OMB *Circular A-133* is issued pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

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

### B. Basis of Accounting

The schedules were prepared using the cash basis of accounting. Expenditures are recognized when paid rather than when obligations are incurred. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### C. Basis of Presentation

Expenditures of Federal Awards – In accordance with the OMB *Circular A-133*, federal awards are federal cost-reimbursement contracts or federal financial assistance (cash or non-cash) in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance. Awards may be received directly from a federal agency or indirectly from a pass-through entity. Contracts between the State and federal government for which the federal government procures tangible goods or services are not considered to be expenditures of federal awards.

Catalog of Federal Domestic Assistance – The *Catalog of Federal Domestic Assistance* (*CFDA*) is a list of federal programs available. The OMB *Circular A-133* requires the schedules to provide total federal awards expended by the State for each individual federal program by CFDA number. Federal programs that have not been assigned a specific CFDA number are assigned a miscellaneous CFDA number – the first two digits of a miscellaneous CFDA number identify the federal awarding agency followed by ".999."

Program Clusters – Closely related programs with different CFDA numbers that share common compliance requirements are considered "program clusters." The Schedule of Expenditures of Federal Awards by Federal Agency displays programs by program cluster as mandated by the OMB *Circular A-133 Compliance Supplement*. Programs not included within a designated cluster are presented under the title "NON-CLUSTERED PROGRAMS."

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

1. CFDA 10.551, Supplemental Nutrition Assistance Program – reported at the dollar value of electronic benefit transfers authorized and used for food purchases by recipients.

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

3. CFDA 10.569, Emergency Food Assistance Program – reported at the fair market value of the food commodities distributed.

4. CFDA 12.401, National Guard Military Operations and Maintenance Projects – reported at face value of the goods and services rendered through cooperative agreements.

5. CFDA 39.003, Donation of Federal Surplus Personal Property – reported at the fair market value of donated property as determined by General Services Administration.

6. CFDA 66.034, Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act – reported at the fair market value of the goods and services included as in-kind awards.

7. CFDA 66.419, Water Pollution Control State, Interstate, and Tribal Program Support - reported at the fair market value of the goods and services included as in-kind awards.

8. CFDA 81.999, Miscellaneous Bonneville Power Administration Grants - reported at appraised value and purchase price of land.

9. CFDA 93.268, Immunization Cooperative Agreements - reported at the federally assigned value of the serum distributed.

State Funds Included with Federal Funds – State unemployment insurance funds are included with federal funds in the total expenditures for CFDA 17.225. The State portion was $155,876,281, and the federal portion was $100,081,897.

## NOTE 3 – LOANS OUTSTANDING

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

A. The Office of Energy Resources administers loan and grant programs (CFDA 81.041) for the U.S. Department of Energy. The original source of these funds was petroleum price violations. The funds are used to finance various energy conservation projects. The outstanding principal and interest at June 30, 2013, was $308,036. The Office of Energy Resources determined uncollectible accounts to be $0.

B. The Department of Commerce administers loans for the U.S. Department of Treasury. The State Small Business Credit Initiative (SSBCI) provides federal funds for programs that leverage private lending to small businesses that are creditworthy, but are not getting the loans they need to expand and create jobs. The State recognized $8.8 million of federal revenue related to the SSBCI.

C. The Department of Environmental Quality administers loans for the Capitalization Grants for Clean Water State Revolving Funds (CFDA 66.458) and the Capitalization Grants for Drinking Water State Revolving Funds (CFDA 66.468). These revolving funds make loans to qualified water pollution control projects and public drinking water systems. The loans are funded by the federal capitalization grants, State match, and revolving funds. The loans are disbursed as borrowers incur costs and are repaid within 20 to 30 years of project completion. Some applicants may qualify as "disadvantaged" and be eligible for an interest rate as low as 0% and possible principal forgiveness. Interest rates vary between 0% and 4.5%. Management considers all loans to be fully collectible, so there is no allowance for uncollectible accounts.

Loan programs at June 30, 2013:

**CAPITALIZATION GRANTS FOR CLEAN WATER - CFDA 66.458**

| | Loan Authorized | Principal Repayments | Remaining Commitment | Receivable Balance |
|---|---|---|---|---|
| Completed Projects | $131,115,576 | $27,836,385 | $0 | $103,279,191 |
| Projects in Progress | 197,731,440 | 17,554,256 | 123,899,292 | 56,277,892 |
| Totals | $328,847,016 | $45,390,641 | $123,899,292 | $159,557,083 |
| Less: Amount Due Within 1 Year | | | | 4,512,668 |
| Loans Receivable Net of Current Maturities | | | | $155,044,415 |

**CAPITALIZATION GRANTS FOR DRINKING WATER - CFDA 66.468**

| | Loan Authorized | Principal Repayments | Remaining Commitment | Receivable Balance |
|---|---|---|---|---|
| Completed Projects | $103,849,580 | $19,214,312 | $0 | $84,635,268 |
| Projects in Progress | 45,412,103 | 4,227,153 | 26,354,406 | 14,830,544 |
| Totals | $149,261,683 | $23,441,465 | $26,354,406 | $99,465,812 |
| Less: Amount Due Within 1 Year | | | | 3,725,696 |
| Loans Receivable Net of Current Maturities | | | | $95,740,116 |

## NOTE 4 – SNAP BENEFITS (CFDA 10.551)

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents the USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, the USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 10.95 percent of the USDA's total expenditures for SNAP benefits in the federal fiscal year ended September 30, 2012.

# STATE OF IDAHO
# SINGLE AUDIT REPORT
# FOR THE FISCAL YEAR ENDED JUNE 30, 2013

## AUDITOR'S RESULTS

**STATE OF IDAHO**
**SINGLE AUDIT REPORT**
**SUMMARY OF AUDITOR'S RESULTS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

## BASIC FINANCIAL STATEMENTS

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.

2. The audit of the basic financial statements disclosed significant deficiencies in internal control. Deficiencies considered to be material weaknesses were also reported.

3. The audit of the basic financial statements disclosed noncompliance that is material to the financial statements.

## FEDERAL AWARDS

1. The audit of major federal programs in the Schedule of Expenditures of Federal Awards disclosed significant deficiencies in internal control. We consider items 2013-201, 2013-203, 2013-204, 2013-209, 2013-224, and 2013-225 to be material weaknesses.

2. The independent auditor's report on compliance with major federal programs expressed an unqualified opinion for all major programs except for the following programs which were qualified: Rehabilitation Services - Vocational Rehabilitation Grants to States (84.126), Grants for Drinking Water State Revolving Funds, ARRA (66.468), and TANF Cluster (93.558 and 93.716).

3. The *Single Audit Report* disclosed findings that are required to be reported in accordance with the criteria in Section 510a of OMB *Circular A-133*. In addition to the findings associated with major federal programs, Findings 2013-204 and 2013-207 include federal programs that were not audited as major federal programs because issues were identified during other audit procedures that require reporting.

4. The federal programs identified as major programs are listed on the following page.

5. The dollar threshold used to distinguish between Type A and Type B programs was $8,755,052.

6. For the fiscal year ended June 30, 2013, the State of Idaho did not meet OMB *Circular A-133's* requirements to qualify as a low-risk auditee.

**STATE OF IDAHO**
**SINGLE AUDIT REPORT**
**SCHEDULE OF MAJOR FEDERAL PROGRAMS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| PROGRAM OR CLUSTER TITLE | CFDA |
|---|---|
| **SNAP CLUSTER:** | |
| Supplemental Nutrition Assistance Program | 10.551 |
| State Administrative Matching Grants – Supplemental Nutrition Assistance Program | 10.561 |
| **FISH AND WILDLIFE CLUSTER:** | |
| Sports Fish Restoration | 15.605 |
| Wildlife Restoration and Basic Hunter Education | 15.611 |
| **TANF CLUSTER:** | |
| Temporary Assistance for Needy Families | 93.558 |
| ARRA – Temporary Assistance for Needy Families (TANF) Supplemental Grants | 93.716 |
| **CCDF CLUSTER:** | |
| Child Care and Development Block Grant | 93.575 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 |
| **MEDICAID CLUSTER:** | |
| State Medicaid Fraud Control Units | 93.775 |
| State Survey and Certification of Health Care Providers and Suppliers | 93.777 |
| Medical Assistance Program | 93.778 |
| **NON-CLUSTERED PROGRAMS:** | |
| Supplemental Nutrition Program for Women, Infants, and Children (WIC) | 10.557 |
| Unemployment Insurance | 17.225 |
| Veterans State Nursing Home Care | 64.015 |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 |
| ARRA – Capitalization Grants for Clean Water State Revolving Funds | 66.458 |
| Capitalization Grants for Drinking Water State Revolving Funds | 66.468 |
| Miscellaneous Bonneville Power Administration Grants | 81.999 |
| Rehabilitation Services – Vocational Rehabilitation Grants to States | 84.126 |
| Immunization Cooperative Agreements | 93.268 |
| Child Support Enforcement | 93.563 |
| Low-Income Home Energy Assistance | 93.568 |
| Social Services Block Grant | 93.667 |
| Children's Health Insurance Program | 93.767 |

**STATE OF IDAHO**
**SINGLE AUDIT REPORT**
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**


| STATE AGENCY | | FEDERAL AGENCY | PAGE |
|---|---|---|---|
| **BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE** | | | |
| 2013-201 | Federal financial reports for the Vocational Rehabilitation Grants to States are not supported by the Commission's accounting records. | Department of Education | 31 |
| 2013-202 | Internal controls designed to ensure compliance with federal allowable cost requirements and detect or prevent misappropriation of assets are not adequately designed or monitored. | Department of Education | 33 |
| 2013-203 | Internal controls over federal procurement, suspension, and debarment compliance are not adequately designed or implemented. | Department of Education | 34 |
| **ENVIRONMENTAL QUALITY, DEPARTMENT OF** | | | |
| 2013-204 | Loan principal forgiveness amounts are not supported by the accounting records. | Environmental Protection Agency | 36 |
| 2013-205 | The review and approval of timely Federal Funding Accountability and Transparency Act reporting was not properly documented. | Environmental Protection Agency | 37 |
| **FISH AND GAME, DEPARTMENT OF** | | | |
| 2013-206 | $23,670 of vendor payments related to the Bonneville Power Administration grant were incurred and paid outside the Period of Availability for Federal funds. | Department of Energy | 38 |
| **HEALTH AND WELFARE, DEPARTMENT OF** | | | |
| 2013-207 | Multiple federal programs incurred expenditures prior to the period of availability due to weaknesses in the design of internal controls. | Department of Agriculture<br>Department of Health and Human Services | 40 |
| 2013-208 | Federal funds of $96,781 were used inappropriately to meet state matching requirements for the Supplemental Nutrition Assistance Program (SNAP). | Department of Agriculture | 43 |
| 2013-209 | $2.5 million in Federal unobligated balances carried forward from fiscal year 2008 were inappropriately expended for non-assistance in the Temporary Assistance for Needy Families (TANF) program. | Department of Health and Human Services | 45 |
| 2013-210 | Contractor reimbursements for likely costs of $37,572 incurred by the Temporary Assistance for Needy Families (TANF) program were made without adequate supporting documentation. | Department of Health and Human Services | 46 |

**STATE OF IDAHO**
**SINGLE AUDIT REPORT**
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**


| STATE AGENCY | | FEDERAL AGENCY | PAGE |
|---|---|---|---|
| 2013-211 | The income eligibility verification system was not used in accordance with federal guidelines for the Temporary Assistance for Needy Families (TANF) program. | Department of Health and Human Services | 48 |
| 2013-212 | Costs related to child support receipting services were not properly allocated resulting in $11,679 of costs benefitting the Child Support Enforcement grant being charged to the TANF grant. | Department of Health and Human Services | 50 |
| 2013-213 | Internal controls over financial reporting for the Temporary Assistance for Needy Families (TANF) grant and the Child Care Cluster were not adequately designed to prevent inaccuracies. | Department of Health and Human Services | 51 |
| 2013-214 | Federal special reports for the Low-Income Home Energy Assistance Program (LIHEAP) lacked support. | Department of Health and Human Services | 52 |
| 2013-215 | Amounts reported as expenditures of the Low-Income Home Energy Assistance Program (LIHEAP) included $18,322 in unallowable costs. | Department of Health and Human Services | 54 |
| 2013-216 | Health and safety requirements are not monitored for In-Home Child Care providers. | Department of Health and Human Services | 56 |
| 2013-217 | Client eligibility errors may go undetected and uncorrected due to insufficient internal controls, resulting in improper payments in the Medicaid Cluster and Children's Health Insurance Program (CHIP). | Department of Health and Human Services | 57 |
| 2013-218 | Children's Health Insurance Program (CHIP) performance bonus funding of $785,015 was expended on unallowable costs. | Department of Health and Human Services | 59 |
| **LABOR, DEPARTMENT OF** | | | |
| 2013-219 | Cash draw amounts were not reconciled to federal Unemployment Insurance benefits expenditures. | Department of Labor | 61 |
| 2013-220 | Internal control weaknesses exist in the processes for completing the Employment and Training Administration (ETA) 227 reports on Overpayment Detection and Recovery Activities. | Department of Labor | 62 |
| 2013-221 | The Schedule of Expenditures of Federal Awards (SEFA) submitted to the Office of the State Controller was understated by $5.1 million. | Department of Labor | 64 |
| 2013-222 | Some Benefits Accuracy Measurement (BAM) case files were not available for review. | Department of Labor | 65 |

**STATE OF IDAHO**
**SINGLE AUDIT REPORT**
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**


| STATE AGENCY | | FEDERAL AGENCY | PAGE |
|---|---|---|---|
| **VETERANS SERVICES, DIVISION OF** | | | |
| 2013-223 | A payment of $110,000 made to a not-for-profit for a suicide prevention hotline was not specifically allowable to the Veterans State Nursing Home grant. | Department of Veterans Affairs | 67 |
| **VOCATIONAL REHABILITATION, DIVISION OF** | | | |
| 2013-224 | The Federal financial reports for the Vocational Rehabilitation Grants to States are not supported by the Division's accounting records and include misstatements. | Department of Education | 69 |
| 2013-225 | The indirect cost rate for the Vocational Rehabilitation Grants to States was incorrectly applied and controls were ineffective in detecting errors. | Department of Education | 70 |
| 2013-226 | The maintenance of effort federal requirement was not met for the Vocational Rehabilitation Grants to States. | Department of Education | 72 |

## BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE

### FINDING 2013-201

Federal financial reports for the Vocational Rehabilitation Grants to States are not supported by the Commission's accounting records.

**CFDA Title:** Rehabilitation Services – Vocational Rehabilitation Grants to States
**CFDA Number:** 84.126
**Federal Award Number:** H126A120017
**Program Year:** October 1, 2011 to September 30, 2012
**Federal Agency:** Department of Education
**Compliance Requirement:** Reporting
**Questioned Costs:** None

**Type of finding:** Material Noncompliance and Material Weakness

**Related to Prior Federal Finding:** 12F-1

**Criteria:** The Code of Federal Regulations (34 CFR subpart C section 80.20(a)(1-2)) requires the Idaho Commission for the Blind and Visually Impaired (Commission) to account for grant funds in accordance with State laws and procedures. The CFR also specifies that fiscal control and accounting procedures must be sufficient to prepare the required reports and adequately track funds to ensure compliance with applicable statutes.

The State Controller has adopted statewide internal controls standards, in accordance with Idaho Code Section 67-1001 (4), based on the National Committee of Sponsoring Organizations. Agency management provides written assurance on the effectiveness of internal control over financial reporting in an annual attestation letter to the State Controller. The Attestation Letter includes a statement of compliance with the statewide internal control standards.

**Condition:** The Vocational Rehabilitation Grants to States requires the Commission to submit a Federal Financial Report (SF-425) semi-annually showing the cumulative federal funds expended, unliquidated obligations incurred, and non-federal matching contributions.

The Commission's internal cost allocation worksheet used to support the SF-425 Report submitted for September 30, 2012 had total program expenditures of $2,672,707. The total federal draws for the period were $1,621,826. The difference of $1,050,881 represents the non-federal dollars, or recipient share of expenditures, spent on the program. However, the Commission reported non-federal dollars expended as $663,669, which was $387,212 less than actual expenditures incurred.

The Commission's internal controls did not identify or correct the reporting errors. This indicates a deficiency exists in the internal controls processes over reporting.

**Cause:** The lack of complete reconciliations between accounting records and the federal financial reporting indicates deficiencies exist in the design and operation of internal control processes over reporting. In addition, it appears that the review process over federal reporting is not sufficient to detect and correct errors.

**Effect:** The Vocational Rehabilitation grant federal financial reports included amounts that were not substantiated by the accounting records. The reported amount of non-federal dollars expended on the SF-425 should have been $1,050,881 instead of $663,669.

**Recommendation:** We recommend that the Commission develop a process to identify and utilize accurate and reliable financial records that are reconciled to the statewide accounting system when preparing federal reports. We further recommend that the Commission strengthen internal controls over the federal reporting process to ensure compliance with federal reporting requirements.

**Management's View and Corrective Action Plan:** *ICBVI's accounting records do support the Federal Financial Report (SF-425) and there is a process in place to identify and utilize accurate and reliable financial records; ICBVI uses STARS month end reports to complete the cost allocation. The error on the September 30, 2012 SF-425 was not based on inaccurate or unreliable accounting records or a lack of reconciliation to STARS reports; additionally, internal controls are in place. The prior Federal Financial Report (SF-269) allowed agencies to report the total share of federal expenditures regardless of the drawn amount recorded on the G5. The SF-425 only allows an agency to report the federal share of expenditures as the recorded amount drawn on the G5 as of September 30th of the reporting year. STARS reports used to complete the approved internal cost allocation plan are not available until October; therefore the true federal share cannot be reported on the SF-425 since the final September draw is not recorded on the G5 until October. The Administrative Services Manager mistakenly thought had the SF-425 reflected the undrawn federal portion as part of the non-federal share, the Maintenance of Effort (MOE) for the state of Idaho would have been increased. This was a conscious decision made and discussed with the auditors while they were on-site. After this discussion, ICBVI's federal fiscal liaison was contacted to determine the proper way to record the undrawn federal share of expenditures. The Manager learned from the federal liaison the agency would not have been held to a higher MOE by including the undrawn federal share as a part of the non-federal share. The reporting of the undrawn federal share has been corrected on subsequent reports so this is no longer an issue.*

**Scheduled Completion Date for Corrective Action Plan:** The agency did not provide a completion date.

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Boise, ID 83720-0012
208-334-3220 ext. 123

**Auditor's Concluding Remarks:** We thank the Commission for its cooperation and assistance throughout the audit. We continue to assert that the Commission's internal controls were inadequate to ensure compliance with federal requirements for the Vocational Rehabilitation Services Grants to States. The Commission reported an amount on the September 30, 2012, SF-425 report that does not agree to STARS or the agency's accounting records. These errors could have been detected through adequate internal control procedures, such as a proper review process to ensure reports are accurately supported by relevant accounting records.

**FINDING 2013-202**

Internal controls designed to ensure compliance with federal allowable cost requirements and detect or prevent misappropriation of assets are not adequately designed or monitored.

**CFDA Title:** Rehabilitation Services – Vocational Rehabilitation Grants to States
**CFDA Number:** 84.126
**Federal Award Numbers:** H126A110017, H126A120017, H126A130017
**Program Years:** October 1, 2010 to September 30, 2011; October 1, 2011 to September 30, 2012; October 1, 2012 to September 30, 2013
**Federal Agency:** Department of Education
**Compliance Requirement:** Allowable Costs/Cost Principles
**Questioned Costs:** Known $14.53

**Type of finding:** Noncompliance and Significant Deficiency

**Criteria:** The Code of Federal Regulations (34 CFR subpart C section 80.20(a)(1-2)) requires a State to expend and account for grant funds in accordance with State laws and procedures. The CFR also specifies that fiscal control and accounting procedures must be sufficient to adequately track funds to ensure compliance with applicable statutes.

The State Controller's Office statewide *Fiscal Policy Manual* provides a list of specifically unacceptable purchasing card expenditures, including personal items. The statewide fiscal policy also dictates that each "agency must establish a program of internal control to address the use of the purchasing card" (p-card) expenditures. The policy has a list of guidelines that would provide a minimum level of standards acceptable, including "qualified and continuous supervision" to help ensure internal control objectives are met.

The Commission has an internal policy that requires supervisors to approve p-card expenditures if the transaction represents a direct federal program expense or indirect charges in excess of $100. Operating expenditures less than the $100 threshold are generally not reviewed and approved by a supervisor.

**Cause:** The Commission did not implement adequate internal controls to prevent or detect fraudulent p-card purchases in a timely manner. Management indicated that reviews were not necessary because they only employ individuals with impeccable ethics. The improper design and implementation of internal controls allowed the inappropriate p-card expenditures to occur and go undetected.

**Condition:** The Commission's internal control processes for p-card transactions are not designed appropriately and the controls are not consistently placed into action, failing to prevent or detect fraudulent p-card purchases in a timely manner.

We were informed by the Commission of a limited number of fraudulent p-card charges for personal expenses that took place outside of our audit period in fiscal year 2014. Based on the nature of risks associated with the charges, we extended our testing to cover our audit period. Our testing discovered additional fraudulent p-card charges made prior to the p-card charges originally revealed by Commission. The Commission management was unaware of the additional fraudulent charges. There was one charge in fiscal year 2013 for $20.00 that resulted in questioned costs of $14.53 being charged as indirect expenses to the federal program. The activity continued over a period of eight months into fiscal year 2014. In fiscal year 2014, the fraudulent charges totaled $571.46. Most of those expenditures were charged to the federal program.

Additional testing of grant expenditures included the review of twenty-five p-card charges in fiscal year 2013. Nine individual charges exceeded $100 however only four of those transactions included evidence of a review and approval by a supervisor.

**Effect:** During fiscal year 2013, $14.53 of fraudulent expenditures were charged inappropriately to federal grants. After additional testing based on the fraudulent nature of the charges, we identified $571.46 of inappropriate charges that occurred during fiscal year 2014 and appear to be charged to the federal grant. The Commission has since terminated the employee responsible for the charges.

**Recommendation:** We recommend that the Commission implement internal controls to properly monitor and review all purchase card transactions to ensure compliance with federal allowable cost requirements. We also will be referring this issue to the Attorney General's Office in accordance with Idaho Code Section 67-702(e).

**Management's View and Corrective Action Plan:** *ICBVI agrees internal controls were not adequate regarding this situation. All P-Card charges were re-paid by the employee so the federal grants have been reimbursed. Supervisors are now required to review and approve all P-Card transactions regardless of amount.*

**Scheduled Completion Date for Corrective Action Plan:** March 31, 2014

**Contact Person:** Angela Jones, Administrator
Idaho Commission for the Blind and Visually Impaired
341 W. Washington St.
Boise, ID 83720-0012
208-334-3220 ext. 123

**Auditor's Concluding Remarks:** We thank the Commission for its cooperation and assistance throughout the audit. We will review the status of the Commission's corrective action during follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-203**
Internal controls over federal procurement, suspension, and debarment compliance are not adequately designed or implemented.

**CFDA Title:** Rehabilitation Services – Vocational Rehabilitation Grants to States
**CFDA Number:** 84.126
**Federal Award Numbers:** H126A110017; H126A120017; H126A130017
**Program Years:** October 1, 2010 to September 30, 2011; October 1, 2011 to September 30, 2012; October 1, 2012 to September 30, 2013
**Federal Agency:** Department of Education
**Compliance Requirement:** Procurement and Suspension and Debarment
**Questioned Costs:** None

**Type of Finding:** Material Noncompliance and Material Weakness

**Criteria:** The Code of Federal Regulations (CFR) (2 CFR part 180) prohibits non-federal entities from entering into covered transactions with parties that are suspended or debarred. Covered transactions include procurement of goods and services expected to equal or exceed $25,000.

The CFR (2 CFR 180.300) also states that the Commission must verify that a party to a covered transaction is not excluded or debarred by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration, collecting a certification from the party, or adding a clause or condition to the contract with the party.

The Commission's informal policy is to document the review of all new vendors by initialing and dating the vendor's W-9 form and printing out an *EPLS* website summary.

**Condition:** The Commission failed to document the review of 59 of the 78 new vendors on the *EPLS* website during fiscal year 2013, as required in the Commission's informal policies.

**Cause:** The Commission did not document performance of internal controls intended to ensure transactions are not entered into with suspended and debarred parties.

**Effect:** The federal debarment and suspension system is in place to ensure the integrity of federal programs by only conducting business with responsible parties (2 CFR 180.125 (a)). The Commission's internal controls were not consistently performed and could fail to identify suspended or debarred parties before they enter into procurement transactions. During testing of fiscal year 2013 transactions, we noted 14 parties that the Commission paid at least $25,000 to for goods and services. We cross checked the parties with the *EPLS* website and found none to be suspended or debarred.

**Recommendation:** We recommend that the Commission implement internal controls to ensure compliance with federal procurement, suspension and debarment requirements.

**Management's View and Corrective Action Plan:** *ICBVI agrees documentation was lacking, however, searching the EPLS for potential new vendors was and has been consistently performed. Additionally, the State Controller's Office also checks EPLS before approving a vendor to be set up helping to ensure suspended or debarred vendors are not added to the State's vendor list. ICBVI will make certain every W-9 form received is initialed and dated when a check has been done on the EPLS, as well as printing the EPLS information when a search does return information on a potential vendor. And as discussed with the audit team, an annual search on EPLS of vendors who have been paid at least $25,000 will be performed beginning this fiscal year.*

**Scheduled Completion Date for Corrective Action Plan:** June 30, 2014

**Contact Person:** Angela Jones, Administrator
Idaho Commission for the Blind and Visually Impaired
341 W. Washington St.
Boise, ID 83720-0012
208-334-3220 ext. 123

**Auditor's Concluding Remarks:** We thank the Commission for its cooperation and assistance throughout the audit. We will review the status of the Commission's corrective action during follow-up procedures completed 90 days after issuance of this report.

## ENVIRONMENTAL QUALITY, DEPARTMENT OF

### FINDING 2013-204

Loan principal forgiveness amounts are not supported by the accounting records.

**CFDA Title:** ARRA – Capitalization Grants for Drinking Water State Revolving Fund
**CFDA Number:** 66.468
**Federal Award Number:** 2F-96088401
**Program Years:** October 1, 2008 to April 30, 2014
**Federal Agency:** Environmental Protection Agency
**Compliance Requirements:** Matching, Level of Effort, Earmarking
**Questioned Costs:** None

**Type of Finding:** Material Noncompliance and Material Weakness

**Criteria:** The Code of Federal Regulations (CFR) (40 CFR subpart C section 31.20(a)(1-2)) requires a state to account for grant funds in accordance with state laws and procedures. The CFR also specifies that fiscal control and accounting procedures must be sufficient to prepare the required reports and adequately track funds to ensure compliance with applicable statutes.

The State Controller has adopted statewide internal controls standards, in accordance with Idaho Code Section 67-1001 (4), based on the National Committee of Sponsoring Organizations. Agency management provides written assurance on the effectiveness of internal control over financial reporting in an annual attestation letter to the State Controller. The Attestation Letter includes a statement of compliance with the statewide internal control standards.

The American Reinvestment and Recovery Act (ARRA) provided funding to the Drinking Water State Revolving Fund (DWSRF) loan program. Title VII of ARRA required states to use at least 50 percent of the amount of ARRA-funded DWSRF capitalization grants to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants of any combination of these.

**Condition:** The Department chose to provide the required additional subsidization of $9,750,000 in the form of loan principal forgiveness. The Department's accounting system indicates that $19,500,000 of ARRA funds was disbursed; however, the accounting system indicates that only $9,076,144 of loan principal forgiveness is attributable to ARRA funding. The remaining $673,856 is coded in the accounting system as non-ARRA funding.

**Cause:** While loan principal forgiveness for ARRA recipients was tracked at a summary level in a system separate from the accounting system, the Department did not ensure that the total loan principal forgiveness was coded specifically to ARRA in the accounting system.

**Effect:** Based on the information provided by the Department, it appears that the required $9,750,000 of loan principal forgiveness was provided to eligible ARRA recipients; however, the accounting records only support $9,076,144. We are unable to determine compliance with ARRA subsidization requirements for the DWSRF without accurate accounting records.

**Recommendation:** We recommend that the Department design and implement internal controls to ensure accounting records adequately identify grant activity in accordance with federal laws, regulations, and program requirements including loan principal forgiveness in the DWSRF program.

**Management's View and Corrective Action Plan:** *The Department agrees that the required $9,750,000 of loan principal forgiveness was, in fact, provided to eligible ARRA recipients, although not directly out of ARRA funds and has discussed this with the EPA. While the Department believes that its accounting system provided adequate internal controls, the Department did not correctly interprete* [sic] *and apply the ARRA requirements in this case. In accordance with the recommendation, the Department's program and financial staff are working to develop procedures that will assure that programmatic requirements are met and will have these procedures implemented within the next thirty (30) days.*

**Scheduled Completion Date for Corrective Action Plan:** June 1, 2014

**Contact Person:** Dave Sande, CPA, Financial Officer
Idaho Department of Environmental Quality
1410 N. Hilton
Boise, ID 83706
208-373-0502

**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-205**
The review and approval of timely Federal Funding Accountability and Transparency Act reporting was not properly documented.

**CFDA Titles:** ARRA – Capitalization Grants for Clean Water State Revolving Fund, Capitalization Grants for Clean Water State Revolving Fund, Capitalization for Drinking Water State Revolving Fund
**CFDA Number:** 66.458, 66.468
**Federal Award Numbers:** CS-1600111-0, CS-1600112-0, FS-98003011-0, FS-98003012-0
**Program Years:** July 1, 2011 to June 30, 2013; July 1, 2012 to June 30, 2014; July 1, 2011 to June 30, 2016; July 1, 2012 to June 30, 2017
**Federal Agency:** Environmental Protection Agency
**Compliance Requirement:** Reporting
**Questioned Costs:** None

**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:** The Federal Funding Accountability and Transparency Act (FFATA) requires the Department, as a prime awardee of a federal grant, to file an FFATA sub-award report by the end of the month following the award of sub-grants equaling at least $25,000.

In addition, the Code of Federal Regulations (40 CFR subpart C section 31.20(a)(1-2)) requires a state to account for grant funds in accordance with state laws and procedures. The CFR also specifies that fiscal control and accounting procedures must be sufficient to prepare the required reports and adequately track funds to ensure compliance with applicable statutes.

The State Controller has adopted statewide internal controls standards, in accordance with Idaho Code Section 67-1001 (4), based on the National Committee of Sponsoring Organizations. Agency management provides written assurance on the effectiveness of internal control over financial reporting in an annual

attestation letter to the State Controller. The Attestation Letter includes a statement of compliance with the statewide internal control standards.

**Condition:** We were able to verify that the appropriate FFATA information was reported for both the Clean Water and Drinking Water State Revolving Funds; however, the Department did not document a review and approval of the FFATA report or maintain documentation to support the completion of timely reporting.

**Cause:** The Department's internal controls over FFATA reporting lacked a facet to document a review and approval of the report and the timing of the report. The approval was communicated verbally, and the Department relied on the FFATA reporting system to provide documentation about the timing of the submission of the report. The Department was unable to provide documentation from the FFATA reporting system to substantiate the timing of the report submission.

**Effect:** In the absence of appropriate supporting documentation, we are unable to determine that internal controls were adequately designed and implemented to ensure accurate and timely FFATA reporting.

**Recommendation:** We recommend that the Department implement internal controls to properly document the review and approval of timely FFATA reporting.

**Management's View and Corrective Action Plan:** *The Department agrees with the finding and has implemented measures to ensure that there is proper document review and approval of timely FFATA reports.*

**Scheduled Completion Date for Corrective Action Plan:** June 1, 2014

**Contact Person:** Dave Sande, CPA, Financial Officer
Idaho Department of Environmental Quality
1410 N. Hilton
Boise, ID 83706
208-373-0502

**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

## FISH AND GAME, DEPARTMENT OF

### FINDING 2013-206

<u>$23,670 of vendor payments related to the Bonneville Power Administration grant were incurred and paid outside the Period of Availability for Federal funds.</u>

**CFDA Title:** Miscellaneous Bonneville Power Administration Grants
**CFDA Number:** 81.999
**Federal Award Numbers:** 53238, 55671, 55728, 57130, 60349
**Program Years:** Various – July 1, 2011 to January 31, 2014
**Federal Agency:** Department of Energy
**Compliance Requirements:** Period of Availability of Federal Funds
**Questioned Costs:** Known $23,670

**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:** The Office of Management and Budget *Circular A-133 (OMB A-133)* identifies internal controls and compliance requirements specific to the period of availability of Federal funds. Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency.

Obligations are the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period. Non-Federal entities shall liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation.) The Federal agency may extend this deadline upon request (2 CFR section 215.71.)

Non-Federal entities are required to establish a system of internal controls to provide reasonable assurance that Federal funds are obligated within the authorized period of availability.

**Condition:** The Department made three payments to vendors totaling $23,670 and received reimbursement from the Bonneville Power Administration for these obligations that occurred outside the authorized period of availability. Two purchases totaling $705 were made in May and June 2012 and charged to a contract that did not begin until March 1, 2013. One payment of $22,965 for services performed from September 1, 2012 to September 30, 2012 was charged to a contract with an end date of June 30, 2012.

**Cause:** Internal controls are effectively designed, but these controls were not performed at a level of detail necessary to identify obligations occurring outside the period of availability and documentation was not available to support that the controls were implemented consistently.

The Department has established an internal control system to detect and prevent Federal funds from being used outside the authorized period of availability. Within the Statewide Accounting and Reporting System (STARS), the Department assigns Program Cost Accounts (PCAs) to each Federal award. PCAs contain a Start Date and End Date that correspond to the performance period stated in the Federal award letter.

Department personnel review all Federal grant related expenditures by comparing the invoice date in STARS to the PCA Start Dates and End Dates. Expenditures with an invoice date outside the corresponding Start Date and End Date are subjected to additional review to determine if the underlying obligation occurred during the authorized period of availability.

Documentation showed the three transactions were included in the review process, but the review was not performed at a level of detail necessary to detect the obligations recorded outside the period of availability.

**Effect:** Because the underlying obligations of the three payments totaling $23,670 occurred outside the period of availability, the Federal reimbursements of those costs are unallowable and could be required to be repaid to the Bonneville Power Administration.

**Recommendation:** We recommend that the Department strengthen the documentation and implementation of internal controls over federal grant expenditures to ensure compliance with the period of availability.

**Management's View and Corrective Action Plan:** *The Department agrees with the fact that these three payments occurred outside the period of availability. Currently, the Department is in communications with the Bonneville Power Administration (BPA) and has already taken steps to resolve the $23,670 reported in this finding. Though the Department believes that our current internal control processes are adequate and have typically caught and corrected most out of period or unallowable costs, the Department will still do a review of these controls to see if there are any areas where they can be tightened and/or improved.*

**Scheduled Completion Date for Corrective Action Plan:** October 31, 2014

**Contact Person:** Jeff Seward, Acting Bureau Chief, Administration
Idaho Department of Fish and Game
P.O. Box 25
Boise, ID 83707
208-287-2811

**Auditor's Concluding Remarks:** We thank the department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action plan during the follow-up procedures completed 90 days after the issuance of this report.

## HEALTH AND WELFARE, DEPARTMENT OF

**FINDING 2013-207**
Multiple federal programs incurred expenditures prior to the period of availability due to weaknesses in the design of internal controls.

**CFDA Titles:** SNAP Cluster, TANF Cluster, Child Support Enforcement, Medicaid Cluster, Foster Care-Title IV-E
**CFDA Numbers:** 10.551, 10.561, 93.558, 93.716, 93.563, 93.777, 93.778, 93.658
**Federal Award Numbers:** 13137IDID4S2514, 1302IDTANF, 1304ID4005, ID2013, 1301ID1401
**Program Year:** October 1, 2012 to September 30, 2013
**Federal Agencies:** Department of Agriculture, Department of Health and Human Services
**Compliance Requirement:** Period of Availability of Federal Awards
**Questioned Costs:** Known $20,387, Likely $67,051 (SNAP); Known $23,695, Likely $41,977 (TANF); Known $154,573, Likely $448,918 (Child Support); Known $44,474 (Medicaid); Known $26,784 (Foster Care)

**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments* (*Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Additionally, *Common Rule* states that when a funding period is specified, a non-federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the federal awarding agency.

**Condition:** We identified several transactions in which the underlying obligation occurred prior to the beginning of the grant period of availability:

- Supplemental Nutrition Assistance Program (SNAP) – 5 of 45 transactions tested, or 11 percent.
- Temporary Assistance for Needy Families Cluster (TANF) – 4 of 45 transactions tested, or 9 percent.
- Child Support Enforcement (CSE) program – 4 of 60 transactions tested, or 7 percent.

In addition, testing in the CSE program included a computer services invoice that was allocated to several other federal programs, charging costs prior to the beginning of the grant period of availability. The programs with related questioned costs greater than $10,000 include: CSE, SNAP, TANF, Medicaid, and Foster Care.

**Cause:** The Department of Health and Welfare's (Department) computerized accounting system contains data related to the period of availability for each federal grant. The system coding looks to the start and end dates for the grant to ensure that the current date is within the allowed range each time a transaction is processed. The system allows transactions to be processed up to 30 days after the end date to allow for the liquidation of obligations. The system does not have an edit check related to the date goods and services were received and there is currently no manual process in place to check the date the underlying obligation occurred.

**Effect:** The results of testing identified the following costs charged to the incorrect grant period:

- SNAP – Errors identified in the sampled transactions total $1,797 and, when projected to the population, would likely result in errors of $48,461. The allocation of the computer services invoice charged $18,590 in additional costs. This results in total likely questioned costs of $67,051.
- TANF – Errors identified in the sampled transactions total $191 and, when projected to the population, would likely result in errors of $18,473. The allocation of the computer services invoice charged $23,504 in additional costs. This results in total likely questioned costs of $41,977.
- CSE – Errors identified in the sampled transactions total $15,384 and, when projected to the population, would likely result in errors of $309,729. The allocation of the computer services invoice was identified as an individually significant transaction for this program and charged $139,189 in additional costs. This results in total likely questioned costs of $448,918.
- Medicaid Cluster – The allocation of the computer services invoice charged $44,474 in known questioned costs.
- Foster Care – The allocation of the computer services invoice charged $26,784 in known questioned costs.

**Recommendation:** We recommend that the Department implement internal control procedures to ensure that grant costs are not incurred prior to the period of availability for the grant. We further recommend that the Department contact the federal grantors to resolve the questioned costs.

**Management's View and Corrective Action Plan:** *The Department disagrees with this finding. Grant costs are charged at the time they are billed under a cash basis accounting system, which the Department relies on. Federal rules and regulations clearly allow cash basis for federal grant reporting. Converting the cash basis accounting system to a full accrual accounting system would be required to satisfy this audit finding. Converting to a different accounting system offers no benefit for the state, would be extremely expensive, is not required by the federal grant programs, and does not change the costs allocated to the grant.*

*Federal regulations do provide guidelines regarding period of availability, while other federal regulations clearly and explicitly allow states to report grant expenditures using cash basis. Some of the relevant federal regulations include:*

***OMB A-102 (Common Rule)***

*2. Post Award Policies, c. Financial Status Reports. (4) Federal agencies shall prescribe whether the reporting shall be on a cash or an accrual basis. (Common Rule)*

*Department of Agriculture SNAP Grant Administrative Rules allow cash basis of accounting; the Department found no requirements in the Federal Register or Grant publications for the SNAP grant requiring accrual basis of accounting.*

***Agriculture, 7 CFR 3016***

*3016.3 Outlays (expenditures) mean charges made to the project or program. They may be reported on a cash or accrual basis.*

*3016.20 Standards for financial management systems. (a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds.*

*3016.41 Financial reporting. (2) Accounting basis. Each grantee will report program outlays and program income on a cash or accrual basis as prescribed by the awarding agency.*

*3016.6 Additions and exceptions.(a) For classes of grants and grantees subject to this part, Federal agencies may not impose additional administrative requirements except in codified regulations published in the Federal Register.*

***Health and Human Services 45 CFR 92***

*92.20 (a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—*

*92.3 Definitions*
*Accrued expenditures mean the charges incurred by the grantee during a given period requiring the provision of funds for: (1) Goods and other tangible property received; (2) services performed by employees, contractors, subgrantees, subcontractors, and other payees; and (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.*

*Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.*

*Outlays (expenditures) mean charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expense incurred, the value of in- kind contributions applied, and the amount of cash advances and payments made to*

*contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of inkind contributions applied, and the new increase (or decrease) in the amounts owed by the grantee for goods and other property received, for services performed by employees, contractors, subgrantees, subcontractors, and other payees, and other amounts becoming owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments.*

*Unliquidated obligations for reports prepared on a cash basis mean the amount of obligations incurred by the grantee that has not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the grantee for which an outlay has not been recorded.*

*92.41 b. Financial Status Report (2) Accounting basis. Each grantee will report program outlays and program income on a cash or accrual basis as prescribed by the awarding agency. If the Federal agency requires accrual information and the grantee's accounting records are not normally kept on the accrual basis, the grantee shall not be required to convert its accounting system but shall develop such accrual information through and analysis of the documentation on hand.*

**Scheduled Completion Date for Corrective Action Plan:** The agency did not provide a completion date.

**Contact Person:** Steve Bellomy, CPA
Bureau Chief, Audits and Investigations
Department of Health and Welfare
P.O. Box 83720
Boise, ID 83720-0036
208-334-0609

**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We continue to assert that the Department incurred costs prior to the period of availability. Consistent with the definition of 'obligations' provided in the Department's response, charges to the awards consisted of costs resulting from obligations incurred outside (prior to) the funding period. As mentioned in the finding, *Common Rule* requires that charges to awards are for costs resulting from obligations incurred during the funding period and authorized pre-award costs. The transactions in question did not represent either.

**FINDING 2013-208**
Federal funds of $96,781 were used inappropriately to meet state matching requirements for the Supplemental Nutrition Assistance Program (SNAP).

**CFDA Title:** SNAP Cluster
**CFDA Number:** 10.551, 10.561
**Federal Award Number:** 11117IDID4S2514
**Program Years:** October 1, 2010 to September 30, 2012
**Federal Agency:** Department of Agriculture
**Compliance Requirement:** Matching, Level of Effort, Earmarking
**Questioned Costs:** Known $96,781

**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments* (*Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Additionally, 7 CFR section 277.4 requires states to pay 50 percent of the costs of administering the SNAP.

Finally, 7 CFR section 273.18 allows state agencies to retain a portion of certain types of benefit overpayments collected. This process first requires that the entire collections amount be submitted to the federal grantor. The federal grantor will in turn initiate an electronic funds transfer for the amount allowed to be retained by the state agency.

**Condition:** The Department of Health and Welfare (Department) contributed $4.85 million of state funding, or 49 percent, of the costs of administering SNAP. The additional costs reported as state share under the match requirement were overpayments recovered by the State and remitted to the federal grantor, with a portion being returned to the State.

**Cause:** The Department's share of benefit overpayments were inappropriately treated as program income and, when spent, were reported as part of the State's administrative expenditures.

**Effect:** The funds returned by the federal grantor are not an allowable source for matching requirements. The amount of allowable costs paid from State funds was $96,781 less than the matching contribution required by the grant.

**Recommendation:** We recommend that the Department implement internal control procedures to ensure that only allowable sources are used to meet the matching requirements. We further recommend that the Department contact the federal grantor to resolve the questioned costs.

**Management's View and Corrective Action Plan:** *The Department disagrees with this finding. Within the calculation for grant 62600D used by the auditors was a reduction of the TANF offset of $1.4 million from fund detail 03 to arrive at the state match portion. However, this adjustment was already done in the system and the grant work papers. Without the adjustment on the auditor's work papers, the federal funds spent by the Department did not exceed 50% of the total.*

**Scheduled Completion Date for Corrective Action Plan:** The agency did not provide a completion date.

**Contact Person:** Steve Bellomy, CPA
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Department of Health and Welfare
P.O. Box 83720
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208-334-0609

**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We continue to assert that the Department did not meet the match requirements for the grant. Total costs of administering the program, as recorded in grant 62600D, were $11,296,205. After reducing this by the TANF offset of $1,400,000, the remaining costs were $9,896,205. Based upon

the 50% match rate, the federal and state share of these costs were each equal to $4,948,103. The federal portion of costs was equal to $4,948,103 as calculated; however, the amount recorded as the state portion was equal to $4,851,322. The difference of $96,781 was recorded as program income. As described in the finding, the amounts recorded as program income are not truly program income and are not allowable sources for matching.

**FINDING 2013-209**

$2.5 million in Federal unobligated balances carried forward from fiscal year 2008 were inappropriately expended for non-assistance in the Temporary Assistance for Needy Families (TANF) program.

**CFDA Title:** TANF Cluster
**CFDA Numbers:** 93.558, 93.716
**Federal Award Number:** 0802IDTANF
**Program Year:** October 1, 2007 to September 30, 2008
**Federal Agency:** Department of Health and Human Services
**Compliance Requirement:** Period of Availability of Federal Funds
**Questioned Costs:** Known $2,564,331

**Type of Finding:** Material Noncompliance and Material Weakness

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments (Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Additionally, OMB *Circular A-133 Audits of States, Local Governments and Non-Profit Organizations Compliance Supplement* states that prior to October 1, 2008, any federal unobligated balances carried forward may only be expended on benefits that meet the definition of assistance at 45 CFR section 260.31(a) and related administrative costs associated with providing such assistance.

Finally, 45 CFR section 260.31(a) defines assistance as including cash payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).

**Condition:** The Department of Health and Welfare (Department) used funds awarded for federal fiscal year 2008, which ended September 30, 2008, to pay for salaries and other indirect costs incurred in federal fiscal year 2013. These costs represented, and were reported on the ACF-196 State TANF Financial Report for the quarter ended September 30, 2013, as Non-Assistance Authorized Solely Under Prior Law. Because the funds were awarded prior to October 1, 2008, the amounts should have been expended on benefits meeting the definition of assistance or related administrative costs rather than non-assistance, as reported on the ACF-196.

**Cause:** Various allocating grants were set up to direct charges to the federal fiscal year 2008 funds, which should have been directed to other federal fiscal years' funds. Internal controls were not designed effectively to ensure the costs were appropriate for this particular grant phase.

**Effect:** The misdirection of funds resulted in $2,564,331 being inappropriately charged to federal fiscal year 2008 funds.

**Recommendation:** We recommend that the Department implement internal control procedures to ensure that appropriate grant costs are charged to the correct period of availability. We further recommend the Department contact the federal grantor to resolve the questioned costs.

**Management's View and Corrective Action Plan:** *The Department disagrees with this finding. This conclusion is based on the A133 Compliance supplement statement: Prior to October 1, 2008, any Federal unobligated balances carried forward into a fiscal year from a prior fiscal year may only be expended on benefits that meet the definition of assistance at 45 CFR section 260.31(a) and related administrative costs associated with providing such assistance. Effective October 1, 2008, States may use any Federal TANF funds carried forward into a fiscal year from a prior fiscal year to provide, without fiscal year limitation, any benefit or service provided under the State's TANF program (42 USC 604(e), as amended by ARRA).*

**Scheduled Completion Date for Corrective Action Plan:** The agency did not provide a completion date.

**Contact Person:** Steve Bellomy, CPA
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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We continue to assert that the Department did not meet the period of availability requirements for the grant. The amounts in question were federal unobligated balances awarded for federal fiscal year 2008, which ended September 30, 2008; therefore, the less restrictive guidance that became effective for funds awarded on or after October 1, 2008 does not apply.

**FINDING 2013-210**
Contractor reimbursements for likely costs of $37,572 incurred by the Temporary Assistance for Needy Families (TANF) program were made without adequate supporting documentation.

**CFDA Title:** TANF Cluster
**CFDA Numbers:** 93.558, 93.716
**Federal Award Numbers:** 0802IDTANF, 0902IDTANF, 1002IDTANF, 1102IDTANF, 1202IDTANF, 1302IDTANF
**Program Years:** October 1, 2007 to September 30, 2013
**Federal Agency:** Department of Health and Human Services
**Compliance Requirement:** Activities Allowed and Unallowed; Allowable Costs/Cost Principles
**Questioned Costs:** Known $396, Likely $37,572

**Type of Finding:** Noncompliance and Significant Deficiency

**Related to Prior Audit Finding:** 12F-6

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments (Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Additionally, improper payments, as defined by the Improper Payments and Information Act of 2002, include those payments lacking sufficient documentation to support that they were proper.

**Condition:** The Department of Health and Welfare (Department) utilizes the services of a contractor to issue vouchers to certain recipients of federal assistance (clients) within the Job Opportunities and Basic Skills Training (JOBS) program of the TANF grant. The vouchers can be redeemed with participating vendors for items deemed necessary in obtaining and/or maintaining employment, such as fuel and interview appropriate clothing. In situations where clients need to obtain goods or services from a specific vendor who is either unable or unwilling to accept a Department voucher, the contractor issues the vendor a check for the appropriate amount and then requests reimbursement from the Department. Two of 45 transactions reviewed during the audit, or four percent, were related to such transactions and neither transaction was supported by sufficient documentation to provide evidence that the payments were proper.

**Cause:** The internal controls designed to prevent or detect and timely correct improper payments, which include review of supporting documentation, were not implemented effectively.

**Effect:** Improper payments, due to lack of documentation were made to two recipients. Additionally, compliance with federal allowability requirements for these two transactions could not be determined. These transactions total $396 and, when projected to the population, would likely result in errors of $37,572.

**Recommendation:** We recommend that the Department strengthen monitoring of internal controls to ensure the controls are operating as designed and expenditures comply with federal program requirements. We further recommend that the Department contact the federal grantor to resolve the questioned costs.

**Management's View and Corrective Action Plan:** *The Department agrees with this audit finding and has taken action to remedy. In 2012 the Department put into practice a Contractor Voucher Procedure which outlines the expectations of our contractor with regards to administering supportive services' vouchers to participants to obtain or maintain employment.*

*These procedures were modified in 2013 based on feedback from a similar audit finding to strengthen language around appropriate documentation required for these vouchers. The practices are monitored bi-annually by our contract monitoring team within the division for ensuring compliance requirements.*

*The implementation and compliance with these supportive services voucher procedures are intended to strengthen internal controls and establish expectations and standards as a benchmark for on-going monitoring. The Department completes a minimum of semi-annual, on-site monitoring of each office that issues supportive service vouchers to ensure accuracy and completeness of processes including non-standard vouchers. During the monitoring procedures, if the contractor is found to be out of compliance with the standards for documentation on vouchers, the Department resolves this with the contractor by either requesting sufficient documentation or requiring the contractor to pay back the funds for voucher in error.*

*The most recent voucher monitoring in 2013 resulted in 100% of vouchers found to meet the standards for necessary documentation. Additional documentation has been provided to legislative audit for their review.*

**Scheduled Completion Date for Corrective Action Plan:** June 30, 2014

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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. At the time of this report, no additional documentation has been provided. We will review the documentation during our follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-211**

The income eligibility verification system was not used in accordance with federal guidelines for the Temporary Assistance for Needy Families (TANF) program.

**CFDA Title:** TANF Cluster
**CFDA Numbers:** 93.558, 93.716
**Federal Award Numbers:** 0802IDTANF, 0902IDTANF, 1002IDTANF, 1102IDTANF, 1202IDTANF, 1302IDTANF
**Program Years:** October 1, 2007 to September 30, 2013
**Federal Agency:** Department of Health and Human Services
**Compliance Requirement:** Special Tests and Provisions
**Questioned Costs:** Not Determinable

**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments (Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Additionally, 45 CFR section 205.55-.56 indicates that each state shall participate in an income eligibility and verification system. The State is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations, and adhere to standardized formats and procedures in exchanging information with other programs and agencies. Specific requirements include obtaining wage information from the State Wage Information Collection Agency (SWICA) for all applicants at the first opportunity following receipt of the application, and for all recipients on a quarterly basis. In addition, the Department of Health and Welfare (Department) is required to obtain Unemployment Compensation (UC) information for all applicants at the first opportunity, and in each of the first three months in which the individual is receiving aid. UC information should also be obtained in each of the first three months following any recipient-reported loss of employment. If an individual is found to be receiving UC, the information should be requested until benefits are exhausted.

**Condition:** The Department of Labor serves as the SWICA for the State of Idaho. Department of Health and Welfare personnel utilize an income eligibility verification system, eVerif-I, to obtain wage and unemployment information from the Department of Labor for all applicants at the first opportunity; however, wage information is not obtained quarterly for all applicants. In addition, UC information is not obtained in each of the first three months following any recipient-report loss of employment, nor is it requested until benefits are exhausted when an individual is found to be receiving UC.

**Cause:** The Department's internal controls over compliance related to the income eligibility and verification system were not adequately designed to ensure the policies and procedures implemented complied with applicable laws and regulations. The Department policy required information only be obtained at six month intervals, which was not compliant with the federal requirements.

**Effect:** The Department did not comply with federal regulations relating to the use of an income eligibility and verification system.

**Recommendation:** We recommend that the Department implement procedures to verify wage and unemployment compensation information as required by the Federal grantor. We further recommend that the Department implement control procedures to ensure that policies and procedures implemented comply with federal regulations.

**Management's View and Corrective Action Plan:** *The Department agrees with this audit finding and has taken action to remedy. The Division of Welfare recognizes that the OMB Circular A-133 Compliance Supplement states that the Department is required to obtain unemployment compensation (UC) information for all applicants at the first opportunity, and in each of the first three months in which the individual is receiving aide. UC information should also be obtained in each of the first three months following any recipient-reported loss of employment.*

*In the same OMB Circular it states that the state is permitted to exclude categories of information items from follow-up if it has received approval from the Administration for Children and Families (ACF) after having demonstrated that follow-up is not cost-effective. The State is permitted, with ACF approval, to exclude information items from certain data sources without written justification if it followed up previously through another source of information. However, information from these data sources that is not duplicative and provides new leads may not be excluded without written justification.*

*The Department has every intent to use the State Wage Information and Unemployment information, but are simply asking approval to check these electronic sources at application and re-certification (every six months) instead of quarterly for TANF (TAFI) benefits. We have submitted a request to our TANF Federal contacts and are awaiting a response. (A copy of the request has been provided to legislative audit for their review.)*

*We would like to point out, and this information is stated in an email provided to the auditors, that all TANF cases that were open in the month of January were reviewed and not a single case was receiving unemployment benefits. The average unemployment benefit amount is $927, which would put a family over income to receive cash assistance in Idaho. The law states that UIB must be checked for everyone applying for TANF and for each quarter in which the individual is receiving aid. However, anyone receiving unemployment benefits would not be eligible for TAFI in Idaho. This information was relayed to our federal Region 10 office.*

**Scheduled Completion Date for Corrective Action Plan:** June 30, 2014

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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. At the time of this report, no additional documentation has been provided. We will review the documentation during our follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-212**

Costs related to child support receipting services were not properly allocated resulting in $11,679 of costs benefitting the Child Support Enforcement grant being charged to the TANF grant.

**CFDA Title:** TANF Cluster
**CFDA Numbers:** 93.558, 93.716
**Federal Award Number:** 1302IDTANF
**Program Year:** October 1, 2012 to September 30, 2013
**Federal Agency:** Department of Health and Human Services
**Compliance Requirement:** Allowable Costs/Cost Principles
**Questioned Costs:** Known $11,679

**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments (Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Additionally, 2 CFR 225 *Cost Principles for State, Local, and Indian Tribal Governments* defines the general criteria that costs must meet to be allowable under Federal awards. One of the criteria is that costs must be allocable to federal awards, which requires the cost being chargeable or assignable to a particular cost objective in accordance with the relative benefit received.

**Condition:** The Department of Health and Welfare (Department) utilizes Program Cost Accounts (PCAs) to direct charges to applicable funding sources. Often times it is necessary to code transactions to multiple PCAs based upon the goods and services provided and the benefitting cost objective. Twelve invoices were specifically identified for review. Each of the 12 invoices included services related to the Child Support Enforcement (CSE) grant as well as services which are allocated in accordance with the Department's cost allocation plan. Based upon the cost allocation plan, approximately one percent of the allocated services benefit the CSE program. Two of the 12 invoices were not properly split between the two PCAs involved.

**Cause:** A calculation was performed by Department staff to determine how much of the invoice should be charged to each of the PCAs. When documenting the results of the calculation, the amounts were reversed between the two PCAs involved. This resulted in the amount representing the benefit received by the CSE grant being charged to the allocating grant and the amount requiring allocation being directly charged to the CSE grant.

**Effect:** $11,679 of costs related to the CSE grant were charged to the TANF grant.

**Recommendation:** We recommend that the Department strengthen internal control procedures to ensure that PCAs are properly used and only allowable costs are charged to federal programs. We further recommend that the Department contact the federal grantor to resolve the questioned costs.

**Management's View and Corrective Action Plan:** *The Department agrees with this audit finding and has corrected the errors and implemented corrective protocols. To reduce this risk in the future, Child Support has changed the invoice processing procedure to now go through the Contract Monitoring Team (CERM) for invoice approval. CERM will verify the dollar amounts and PCAs for IV-D and TANF expenditures before it is approved through Navision.*

**Scheduled Completion Date for Corrective Action Plan:** June 30, 2014

**Contact Person:** Steve Bellomy, CPA
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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-213**
Internal controls over financial reporting for the Temporary Assistance for Needy Families (TANF) grant and the Child Care Cluster were not adequately designed to prevent inaccuracies.

**CFDA Titles:** TANF Cluster and CCDF Cluster (Child Care)
**CFDA Numbers:** 93.558, 93.716, 93.575, 93.596
**Federal Award Numbers:** 13IDTANF, 1301IDCCDF
**Program Year:** October 1, 2012 to September 30, 2013
**Federal Agency:** Department of Health and Human Services
**Compliance Requirement:** Reporting
**Questioned Costs:** None

**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments (Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements.

Further, 45 CFR section 98.67 requires that fiscal control and accounting procedures shall be sufficient to permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the provisions of this part.

**Condition:** The amount reported as a transfer from TANF to the Child Care Discretionary Fund (CCDF) on the federal fiscal year 2013 ACF-196 Financial Report (TANF) and ACF-696 Financial Report (CCDF) for the quarter ended June 30, 2013, $5,873,400 did not agree to the amount contained in the financial records or supporting documentation, $6,003,329. This is a difference of $129,929.

**Cause:** The internal controls designed to ensure accurate completion of the ACF-196 and the ACF-696 reports were not operating as designed.

**Effect:** Noncompliance with maximum transfer amounts was not noted during the current audit period. However, the ineffective internal controls could cause the Department to exceed the maximum amounts allowed for transfers from TANF to CCDF in the future.

**Recommendation:** We recommend that the Department strengthen internal controls over the reporting process to ensure that reports are completed accurately and in accordance with federal regulations.

**Management's View and Corrective Action Plan:** *The Department disagrees with this finding. A straight-line method is applied when determining the amount reported as a Transfer from TANF on the ACF-696 CCDF report on a quarterly basis as documented in the grant work papers. The TANF transfer amount is taken from the TANF Blue Bar report and verified quarterly. The Department reported $5,873,400 for Q/E 6/30/2013 ($7,831,200/4x3 = $5,873,400).*

*The finding indicated the amount contained in the financial reports did not tie to supporting documentation. The TANF transfer is calculated based on the total estimated amount of the TANF grant award for the grant period and is always "trued up" to the actual award when preparing the September 30th quarterly report. There is an internal document the Department uses when a grant award is received to split out the award to specific grant numbers for tracking and expenditure purposes. This internal document for entering grant awards is not used to determine the amount reported on the ACF-696 or ACF-196.*

*The Department feels our internal controls and procedures for preparing these reports are sufficient and would not cause the Department to exceed the maximum amounts allowed for transfers from TANF to CCDF in the future.*

**Scheduled Completion Date for Corrective Action Plan:** The agency did not provide a completion date.

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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We continue to assert that the Department did not provide adequate documentation to support the federal reports. Because we were unable to agree the amounts reported for the transfer directly to the financial records, we requested supporting documentation for the calculation of the amount and were provided with the internal document mentioned in the Department's response. The Department also indicates that the amounts reported as transfers for each quarter, with the exception of the quarter ending September 30, are estimated amounts rather than actual amounts. The instructions for completion of Form ACF-696 indicate that actual amounts are to be reported for the TANF transfer.

**FINDING 2013-214**
Federal special reports for the Low-Income Home Energy Assistance Program (LIHEAP) lacked support.

**CFDA Title:** Low-Income Home Energy Assistance Program
**CFDA Number:** 93.568
**Federal Award Number:** 12B1IDLIEA
**Program Year:** October 1, 2011 to September 30, 2012

**Federal Agency:** Department of Health and Human Services
**Compliance Requirement:** Reporting
**Questioned Costs:** Not Determinable

**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments (Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements.

Additionally, 45 CFR section 92.42 states that all financial and programmatic records must be retained for three years from the starting date, which is typically the day the grantee submits its last expenditure report to the awarding agency.

**Condition:** Supporting documentation was not maintained by the Department of Health and Welfare (Department) for the *Annual Report on Households Assisted by LIHEAP*.

**Cause:** The internal controls designed to ensure compliance with records retention requirements were not operating as designed.

**Effect:** For one of one reports selected for review, or 100 percent, supporting documentation was not maintained, which prevented the performance of audit procedures on this annual report. As a result an opinion on compliance with federal regulations cannot be supported.

**Recommendation:** We recommend that the Department strengthen internal controls over records retention processes to ensure that supporting documentation for all reports is maintained in accordance with federal regulations.

**Management's View and Corrective Action Plan:** *The Division disagrees with this finding. The Department contracts with Community Action Partnership of Idaho (CAPAI) to maintain necessary records to support federal regulations for administering the LIHEAP Program. The documentation referenced in this audit is maintained with the CAPAI agency. The Department's contract defines retention requirements per federal guidance. Specific language in the contract states:*

***General Terms and Condition***
***Records Maintenance***
*The Contractor shall maintain all records and documents relevant to the Contract for three (3) years from the date of final payment to Contractor. If an audit, litigation or other action involving records is initiated before the three (3) year period has expired, the Contractor shall maintain records until all issues arising out of such actions are resolved, or until an additional three (3) year period has passed, whichever is later.*

***Scope of Work***
***II. Low Income Home Energy Assistance (LIHEAP) Program Administration***

*23. Collect the data required to complete all reports and provide needed data to the Department.*

*In addition, records retention is included as part of the annual monitoring for the sub-contractor and each implementing agency operating the LIHEAP program. The current internal controls allow the Department to adequately comply with current federal guidance.*

*Supporting documentation maintained by CAPAI was used to create the Annual Report on Households Assisted by LIHEAP. The Department uses weekly collateral reports received during the season to verify that the data contained in the Household report is reasonable and accurate. Supporting documentation is not included as part of the Department's report submission to the Administration of Children and Families. All records retained by CAPAI and implementing agencies are available to the Department upon request.*

**Scheduled Completion Date for Corrective Action Plan:** The agency did not provide a completion date.

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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We continue to assert that the Department did not retain adequate documentation to support the special reports. We requested that the Department obtain the documentation from the contractor; however it was explained that the information was not readily available and it must be compiled using several data sources, indicating a control weakness as the original documentation had not been maintained by either the Department or its subrecipient. As the supporting documentation was not provided during the audit, we were unable to determine if the amounts reported were accurate.

**FINDING 2013-215**
Amounts reported as expenditures of the Low-Income Home Energy Assistance Program (LIHEAP) included $18,322 in unallowable costs.

**CFDA Title:** Low-Income Home Energy Assistance Program
**CFDA Number:** 93.568
**Federal Award Number:** 12B1IDLIEA
**Program Year:** October 1, 2011 to September 30, 2012
**Federal Agency:** Department of Health and Human Services
**Compliance Requirement:** Allowable Costs/Cost Principles
**Questioned Costs:** Known $18,322

**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments (Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Additionally, 2 CFR Part 225 *Cost Principles for State, Local, and Indian Tribal Governments* defines the general criteria that costs must meet to be allowable under federal awards. One of the criteria is that costs must be allocable to federal awards, which requires the cost being chargeable or assignable to a particular cost objective in accordance with relative benefit received.

2 CFR Part 225 Appendix B indicates that compensation for personnel services rendered during the period of performance under federal awards are allowable to the extent that they satisfy the specific requirements

listed within, as well as other appendices under, 2 CFR Part 225. When employees work on multiple cost objectives, the total cost should be supported by appropriate documentation, which reflects the actual activity of the employee. The appendix allows for the use of budget estimates or other distribution percentages determined before the services are performed as support for interim accounting purposes. The estimation method should produce a reasonable approximation of the activity performed and the actual costs should be compared to budget estimates at least quarterly with appropriate adjustments being posted as needed. The adjustments can be made on an annual basis if the variance does not exceed ten percent.

**Condition:** The Department of Health and Welfare (Department) utilizes employee timesheets to document the time spent on each individual cost objective when more than one activity is involved. Total personnel and related benefit costs are then distributed to the various programs based on the actual relative benefit received.

The Department posted an adjustment to move personnel and related benefit costs into the LIHEAP grant from other grants that share the same Program Manager. These expenditures were greater than what was supported by the actual timesheet completed each pay period by the Program Manager.

**Cause:** Internal controls over the adjustment process were not adequately designed to ensure that adjustments were made only based upon proper supporting documentation.

**Effect:** $18,322 of unsupported and unallowable costs were allocated to the LIHEAP.

**Recommendation:** We recommend that the Department strengthen internal controls over the adjustment process and that adjustments to personnel costs be posted only based upon actual activities performed. We further recommend that the Department contact the federal grantor regarding the questioned costs.

**Management's View and Corrective Action Plan:** *The Department agrees with part of this audit finding. The Department does not agree that these costs are not allowable to the LIHEAP grant, however, going forward the department will require employees to complete an Employee Certification for payroll adjustments over the amount of $25,000 (updated amount to new requirement). In addition, on March 12, 2014, the Department obtained an employee certification for the adjustment of $18,322; documentation of this was provided to legislative audit for their review.*

**Scheduled Completion Date for Corrective Action Plan:** June 30, 2014

**Contact Person:** Steve Bellomy, CPA
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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We continue to assert that the Department did not comply with the allowable cost requirement for the grant. At the time of this report, no additional documentation has been provided. Since the employee completed bi-weekly timesheets indicating the amount of time spent on each activity, which support how the costs were allocated at the time of payment, the costs were originally allocated to the appropriate grants based upon the relative benefit received. Generally the bi-weekly timesheets submitted by the employee provide more appropriate documentation to support the expenditures than a certification received 17 months after the activities were performed.

**FINDING 2013-216**
Health and safety requirements are not monitored for In-Home Child Care providers.

**CFDA Title:** CCDF Cluster
**CFDA Number:** 93.575, 93.596
**Federal Award Numbers:** 1201IDCCDF, 1301IDCCDF
**Program Year:** October 1, 2011 to September 30, 2013
**Federal Agency:** Department of Health and Human Services
**Compliance Requirement:** Special Test and Provisions
**Questioned Costs:** Known $50, Projected $84,338

**Type of Finding:** Noncompliance and Significant Deficiency

**Related to Prior Audit Finding:** 12F-7

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments (Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Additionally, 45 CFR section 98.41 states that Lead Agencies must verify that child care providers serving children who receive subsidies meet requirements pertaining to prevention and control of infectious diseases, building and physical premises safety, and basic health and safety training for providers. The State of Idaho opts to ensure compliance by requiring all providers to have a health and safety inspection.

**Condition:** 45 CFR section 98.41 allows Lead Agencies to apply certain exemptions (e.g., children who receive care in their own homes, children whose parents object to immunization on religious grounds, etc.). While the Idaho State Plan does indicate such an exemption for In-Home Child Care providers, this is not consistent with IDAPA 16.06.12.802, which states that all providers must comply with the health and safety requirements listed in Subsections 802.01 through 802.10 of the rule and must agree to a health and safety inspection.

**Cause:** The procedures implemented by Department staff did not meet the requirements set forth in the IDAPA.

**Effect:** One of 60 transactions tested, or two percent, represented payments made to providers who had not obtained the required health and safety inspection. It was determined that the Department did not require the health and safety inspection for in-home providers. Only one in-home provider was selected in the sample, and the transaction totals $50, when projected to the population, errors of $84,338 would likely result. Additionally, it was noted that no in-home providers were required to complete these inspections.

**Recommendation:** We recommend that the Department correct the inconsistency between the guidance within the Child Care Program State Plan and IDAPA rules. We also recommend that the Department implement internal controls to ensure compliance with such regulations.

**Management's View and Corrective Action Plan:** *The Department agrees with this finding and corrected the inconsistencies between the Idaho Child Care Program State Plan and IDAPA rules. New IDAPA rules were presented to the 2014 Legislature to not require health and safety inspections for in-home providers when a child is being cared for in their own home. The 2014 Legislature approved the rules, which read:*

***401. IN-HOME CARE HEALTH AND SAFETY REQUIREMENTS.***

*Each in-home care provider is responsible to ensure that health and safety requirements are met for children being cared for in the children's own home. ( )*

*01. Health and Safety Inspections. In-home health and safety inspections, described in Section 802 of these rules, are not required for in-home care providers caring for children in the children's own home.*

*02. Health and Safety Training. Because in-home care providers are exempt from health and safety inspections, each in-home care provider must complete health and safety training provided by the local Health District covering requirements listed in Section 802 of these rules. ( )*

*4012.[sic] -- 499. (RESERVED)*

***802. HEALTH AND SAFETY REQUIREMENTS.***

*All providers must comply with the health and safety requirements listed in Subsections 802.01 through 802.10 of this rule. The All providers must agree to a health and safety inspection, with the exception of in-home child care described in Section 401 of these rules. Compliance with these standards does not exempt a provider from complying with stricter health and safety standards under state law, tribal law, local ordinance, or other applicable law.*

**Scheduled Completion Date for Corrective Action Plan:** June 30, 2014

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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-217**
Client eligibility errors may go undetected and uncorrected due to insufficient internal controls, resulting in improper payments in the Medicaid Cluster and Children's Health Insurance Program (CHIP).

**CFDA Titles:** Medicaid Cluster and Children's Health Insurance Program
**CFDA Numbers:** 93.777, 93.778, 93.767
**Federal Award Numbers:** ID2012, ID2013, ID20124-T21, ID20134-T21
**Program Years:** October 1, 2011 to September 30, 2013
**Federal Agency:** Department of Health and Human Services
**Compliance Requirement:** Eligibility
**Questioned Costs:** Known $1,132, Likely $153,008 (Medicaid)

**Type of Finding:** Noncompliance and Significant Deficiency

**Related to Prior Audit Finding:** 12F-5

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments (Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements.

Additionally, improper payments, as defined by the Improper Payments and Information Act of 2002, include those payments that should not have been made under statutory, contractual, administrative, or other legally applicable requirements.

**Condition:** In one of 60 Medicaid transactions reviewed, or two percent, a claim was paid on behalf of an ineligible client resulting in an improper payment. The Department of Health and Welfare (Department) utilizes the Idaho Benefit Eligibility System (IBES) in making eligibility determinations and redeterminations and the Medicaid Management Information System (MMIS) for processing claims submitted by providers. There is an automated interface that occurs daily to upload all changes made within IBES to MMIS. When MMIS is unable to update a specific record to reflect the changes made in IBES, an alert is created. An error file is sent from MMIS to IBES daily, which contains all the alerts encountered during the upload along with the Alert ID for each error. The Alert ID indicates the specific type of error that was encountered that caused the upload to fail. During the fiscal year under review, not all interface errors were investigated and appropriately resolved.

**Cause:** Discrepancies between the two systems are investigated and resolved for errors which produce an alert detail report in IBES; however, due to a programming error, certain Alert IDs contained within the error file did not generate alert details. There was no process in place to reconcile the error file to the alert detail; therefore, the programming error went undetected and uncorrected.

**Effect:** While specific instances of noncompliance were not discovered during testing of CHIP transactions, the same systems are utilized for both Medicaid and CHIP. The lack of internal controls in place related to review of the error files could result in noncompliance for each of these programs.

**Recommendation:** We recommend that the Department implement procedures to ensure all Alert IDs are included in the investigation and resolution of errors identified by the interface between IBES and MMIS. We also recommend that the Department increase monitoring of internal controls to ensure they are operating effectively and that claims are only processed for eligible clients. We further recommend that the Department contact the federal grantor to resolve the questioned costs.

**Management's View and Corrective Action Plan:** *The Department agrees with this audit finding and has resolved the issues. During the summer of 2013, the Division reviewed the interface between the IBES and MMIS systems to account for deficiencies in catching and resolving reporting errors between the two systems. The Department made changes and enhancements to the error reporting to ensure that all errors not reported to MMIS from IBES are identified. Additionally, the Department implemented internal controls to ensure timely review of the errors identified by the Service Desk. The Department believes all issues surrounding this finding are resolved.*

**Scheduled Completion Date for Corrective Action Plan:** June 30, 2014

**Contact Person:** Steve Bellomy, CPA
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Department of Health and Welfare
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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-218**

Children's Health Insurance Program (CHIP) performance bonus funding of $785,015 was expended on unallowable costs.

**CFDA Title:** Children's Health Insurance Program
**CFDA Number:** 93.767
**Federal Award Number:** ID20134-T21
**Program Year:** October 1, 2012 to September 30, 2013
**Federal Agency:** Department of Health and Human Services
**Compliance Requirement:** Activities Allowed and Unallowed
**Questioned Costs:** Known $785,015

**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:** The Office of Management and Budget (OMB) *Circular A-102 Grants and Cooperative Agreements With State and Local Governments (Common Rule)* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements.

Additionally, 42 USC section 1397ee(a)(3) allows for funding to States, in the form of performance bonus payments, and indicates the bonuses are to offset additional Medicaid and CHIP child enrollment costs resulting from enrollment and retention efforts.

**Condition:** The Department of Health and Welfare (Department) used CHIP performance bonus funds to provide financing to the Idaho Health Insurance Exchange. The $385,000 grant was provided for working capital and start-up costs. The purpose was to expedite the establishment of a state-based exchange to assist with the Department's implementation of the Medicaid Readiness Initiative. However, working capital and start-up costs are not allowable uses as defined by the guidelines for the CHIP performance bonus payments.

In another instance, the Department sought out and received guidance as to the appropriate funding source to use for a specific payment to a psychiatric hospital. Although the guidance received directed the Department that only state funds should be used, the payment of $400,015 was made using CHIP performance bonus funds. There was no direct link between the purpose of the payment and the identified allowable uses for the bonus.

**Cause:** Internal controls were not designed effectively to ensure CHIP performance bonus funding was spent in accordance with federal requirements.

**Effect:** Unallowable expenditures of $785,015 were made using CHIP performance bonus funding.

**Recommendation:** We recommend that the Department strengthen internal controls procedures to prevent noncompliance with federal requirements. We further recommend that the Department contact the federal grantor to resolve the questioned costs.

**Management's View and Corrective Action Plan:** *The Department disagrees with this finding. We believe the costs described above are allowable for the Children's Health Insurance Program (CHIP) performance bonus funding.*

*The Department agrees that 42 USC section 1397ee(a)(3) indicates (emphasis added) the bonuses are to offset additional Medicaid and CHIP child enrollment costs resulting from enrollment and retention efforts. However, we found no requirement precluding the Department's use of these bonus funds in the manner they were utilized.*

***$385,000 in startup funds to state insurance exchange***

*The Department did provide a short-term advance of CHIP performance bonus funds to the Idaho Health Insurance Exchange for working capital and start-up costs. This use of these funds gave the state of Idaho the best chance of establishing a successful state based exchange as directed in HB 248, which was passed and signed into law during the 2013 legislative session. The timely completion of the Department's Medicaid Readiness initiative was at the mercy of an expedient establishment of a state based exchange. The Medicaid Readiness initiative involves implementing technology and process changes required by mandated Medicaid eligibility policies that were effective Jan. 1, 2014. The Department's new technology, developed under this initiative, has to work seamlessly and in harmony with the exchange if the Department is to have a system that is compliant with federal mandates. Failure could jeopardize Idaho's current Federal Medical Assistance Percentage (FMAP) rate for the Medicaid program. On an annual basis, this noncompliance could result in the state's Medicaid program forfeiting hundreds of millions of dollars in federal funds.*

*These funds were instrumental in enabling the expedient establishment of a state- based exchange and the Department's ability to meet the mandatory federal requirements to connect to an exchange by October 1st. More than 100 days passed between the first state exchange board meeting and the time the exchange's federal grant money became available; these startup funds became crucial in preventing additional delays in the exchange which could have proven disastrous for the state's Medicaid program. These funds were returned to the Department and to the federal government in September 2013.*

***$400,015 for a distribution to an Idaho Institution for Mental Disease***

*The Centers for Medicare and Medicaid Services (CMS) provides Disproportionate Share Hospital (DSH) funding to states so payments can be made to hospitals to offset the costs of providing care for people who are uninsured or underinsured. The DSH allocation for Idaho is distributed proportionately to the hospitals based on the number of Medicaid participants they serve.*

*There is an Idaho psychiatric hospital that provides a significant amount of unreimbursed care to this population and is one of the only hospitals in the state to provide psychiatric services to children. This hospital is a vital resource to Idaho and its communities.*

*The hospital is classified as an Institution for Mental Disease, or IMD. IMDs are eligible for DSH payments, but because of a technicality, Idaho IMDs do not receive DSH payments. To help this facility*

*offset the cost of providing services to the uninsured and underinsured, the Medicaid program calculated and paid a portion of the payment they would have received if Idaho IMDs were eligible for the DSH payment program. The Department paid the hospital $400,015 of CHIP bonus money in lieu of a DSH payment.*

**Scheduled Completion Date for Corrective Action Plan:** The agency did not provide a completion date.

**Contact Person:** Steve Bellomy, CPA
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Department of Health and Welfare
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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We continue to assert that the Department did not comply with the allowable activities requirement for the grant. The bonuses were required to be used to offset additional Medicaid and CHIP costs resulting from enrollment and retention efforts. Neither of the expenditures in question related to those types of costs.

**LABOR, DEPARTMENT OF**

**FINDING 2013-219**
Cash draw amounts were not reconciled to federal Unemployment Insurance benefits expenditures.

**CFDA Title:** Unemployment Insurance
**CFDA Number:** 17.225
**Federal Award Numbers:** UI-19579-10-55-A-16, UI-21096-11-55-A-16, I-22273-12-55-A-16, UI-23888-13-55-A-16
**Program Years:** October 1, 2009 to September 30, 2015
**Federal Agency:** Department of Labor
**Compliance Requirement:** Cash Management
**Questioned Costs:** Not Determinable

**Type of finding:** Noncompliance and Significant Deficiency

**Related to Prior Federal Finding:** 12F-18

**Criteria:** The Code of Federal Regulations (CFR) (29 CFR subpart C section 97.20(a)(1-2)) requires a state to account for grant funds in accordance with state laws and procedures. The CFR also specifies that fiscal control and accounting procedures must be sufficient to prepare the required reports and adequately track funds to ensure compliance with applicable statutes.

The State Controller has adopted statewide internal controls standards, in accordance with Idaho Code Section 67-1001 (4), based on the National Committee of Sponsoring Organizations. Agency management provides written assurance on the effectiveness of internal control over financial reporting in an annual attestation letter to the State Controller. The Attestation Letter includes a statement of compliance with the statewide internal control standards.

In addition, the Unemployment Insurance (UI) program is covered under the State's 2013 Cash Management Improvement Act (CMIA) Agreement, and the Department is required to make cash draws on a reimbursement basis. The CFR (31 CFR section 205.12(b) (5)) requires states pay program expenditures prior to reimbursement requests.

**Condition:** The Department performs cash draws for UI benefits on a daily basis. Calculations are performed to determine the draw amounts, and they include various rounding processes, adjustments for child support, tax withholdings, overpayment receipts, tax seizures, cancellations, and other miscellaneous receipts and expenditures. The Department inappropriately requested and received $1,126,629 of federal funds in excess of amounts supported by UI expenditures.

**Cause**: The excess federal funds are primarily due to rounding processes. While the Department tracks these amounts, there is no process in place to adjust for the rounding differences to ensure that the funds drawn match the amounts expended for UI benefits.

**Effect**: At the end of fiscal year 2013, the Department had inappropriately advanced $1,126,629 of UI funds from the federal government.

**Recommendation:** We recommend that the Department implement internal controls to ensure federal funding activities are reconciled and that amounts drawn for the UI program are supported by amounts expended.

**Management's View and Corrective Action Plan:** *Federal cash draws and expenditures have been reconciled through the end of February, 2014. The methodology used to calculate federal program cash draws was modified in December 2012. Monthly reconciliations are completed for each federal UI program to ensure federal funds drawn do not exceed federal expenditures. These reconciliations are monitored closely and cash draws adjusted, if necessary.*

**Scheduled Completion Date for Corrective Action Plan:** July 1, 2014

**Contact Person:** Joni Booth, Financial Executive Office, Accounting
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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-220**
Internal control weaknesses exist in the processes for completing the Employment and Training Administration (ETA) 227 reports on Overpayment Detection and Recovery Activities.

**CFDA Title:** Unemployment Insurance
**CFDA Number:** 17.225
**Federal Award Numbers:** UI-22273-12-55-A-16, UI-23888-13-55-A-16
**Program Years:** October 1, 2011 to September 30, 2015

**Federal Agency:** Department of Labor
**Compliance Requirement:** Reporting
**Questioned Costs:** None

**Type of finding:** Significant Deficiency

**Criteria:** The Code of Federal Regulations (CFR) (29 CFR subpart C section 97.20(a)(1-2)) requires a state to account for grant funds in accordance with state laws and procedures. The CFR also specifies that fiscal control and accounting procedures must be sufficient to prepare the required reports and adequately track funds to ensure compliance with applicable statutes.

The State Controller has adopted statewide internal controls standards, in accordance with Idaho Code Section 67-1001 (4), based on the National Committee of Sponsoring Organizations. Agency management provides written assurance on the effectiveness of internal control over financial reporting in an annual attestation letter to the State Controller. The Attestation Letter includes a statement of compliance with the statewide internal control standards.

The Department is required to submit ETA 227 reports for Overpayment Detection and Recovery Activities on a quarterly basis for the UI grant.

**Condition:** Three of the four quarterly ETA 227 reports were compiled and submitted by a single individual. There was no review of the report information by a separate staff member prior to submission.

**Cause:** In the past, the Department had a staff member compile the ETA 227 reports and a separate staff member reviews the reports for accuracy. During fiscal year 2013, the staff member that compiled the report retired and the separate staff member, who formerly reviewed the reports, took over the duties of compiling and submitting the ETA 227 reports, without the aid of a review.

**Effect:** During our testing of the ETA 227 we did not find any discrepancies. However, there is an increased risk of non-compliance with federal reporting requirements given the absence of the segregated review and approval.

**Recommendation:** We recommend that the Department design and implement internal controls over the preparation of the ETA 227 reports, including a review of the reports by a staff member separate from the preparer.

**Management's View and Corrective Action Plan:** *As was noted in the memorandum dated March 10, 2014, the individual that had completed the 227 report retired and the individual who had reviewed the report took over the duties of reviewing the 227 report. Since that time, an additional individual has begun review of the reports prior to submission.*

*In addition, additional staff will be trained on the compiling and submission processes, so that redundancy is built into the system and the department is not without the ability of segregated review and approval.*

*The review policy has been reinstituted and the additional training will be completed prior to the next quarterly submission in April of 2014.*

**Scheduled Completion Date for Corrective Action Plan:** July 1, 2014

**Contact Person:** Joni Booth, Financial Executive Office, Accounting
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**Auditor's Concluding Remarks:** We thank the department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action plan during the follow-up procedures completed 90 days after the issuance of this report.

**FINDING 2013-221**
The Schedule of Expenditures of Federal Awards (SEFA) submitted to the Office of the State Controller was understated by $5.1 million.

**CFDA Title:** Unemployment Insurance
**CFDA Number:** 17.225
**Federal Award Numbers:** UI-19579-10-55-A-16, UI-21096-11-55-A-16, I-22273-12-55-A-16, UI-23888-13-55-A-16
**Program Years:** October 1, 2009 to September 30, 2015
**Federal Agency:** Department of Labor
**Compliance Requirement:** Other Information
**Questioned Costs:** None

**Type of finding:** Noncompliance and Significant Deficiency

**Criteria:** Section IV in the Unemployment Insurance (UI) A-133 Compliance Supplement states "...This program supplement includes several compliance requirements that must be tested with regard to these State UI funds. Consequently, State UI funds, as well as Federal funds for benefit payments under UCFE, UCX, EB, TRA/ATAA/RTAA, DUA, and EUC08 shall be included in the total expenditures of CFDA 17.225 when determining Type A programs. State UI funds should be included with Federal funds on the Schedule of Expenditures of Federal Awards."

The Code of Federal Regulations (CFR) (29 CFR subpart C section 97.20(a)(1-2)) requires a state to account for grant funds in accordance with state laws and procedures. The CFR also specifies that fiscal control and accounting procedures must be sufficient to prepare the required reports and adequately track funds to ensure compliance with applicable statutes.

The State Controller has adopted statewide internal controls standards, in accordance with Idaho Code Section 67-1001 (4), based on the National Committee of Sponsoring Organizations. Agency management provides written assurance on the effectiveness of internal control over financial reporting in an annual attestation letter to the State Controller. The Attestation Letter includes a statement of compliance with the statewide internal control standards.

The Department is required to submit accurate SEFA information for the Unemployment Insurance (UI) grant to the Office of the State Controller on an annual basis.

**Condition:** A portion of the State UI funds reported on the SEFA included receipt amounts that were netted against expenditures. The netting resulted in an amount of $2,541,571 being reported on the SEFA. The net amount included State UI funds paid to other states and UI funds received from other states. The

actual amount of expenditures related to UI paid to other states was $7,682,822, resulting in an understatement of $5,141,251.

**Cause:** The Department misinterpreted the instructions provided by the Office of the State Controller related to the reporting of State UI funds on the SEFA for the UI program.

**Effect:** Due to the netting of expenditures with receipts the Unemployment Insurance grant was understated by $5,141,251 on the SEFA.

**Recommendation:** We recommend that the Department ensure that accurate SEFA information is reported to the Office of the State Controller. We further recommend that the Department provide training to appropriate staff to complete proper SEFA reporting.

**Management's View and Corrective Action Plan:** *Procedures for preparing the SEFA have been updated with instructions that UI funds paid to other states and UI funds received from other states not be netted. Training will be provided to appropriate staff prior to preparation of the SEFA for the current fiscal year.*

**Scheduled Completion Date for Corrective Action Plan:** August 1, 2014

**Contact Person:** Joni Booth, Financial Executive Officer, Accounting
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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-222**
Some Benefits Accuracy Measurement (BAM) case files were not available for review.

**CFDA Title:** Unemployment Insurance
**CFDA Number:** 17.225
**Federal Award Numbers:** UI-22273-12-55-A-16, UI-23888-13-55-A-16
**Program Year:** October 1, 2011 to September 30, 2015
**Federal Agency:** Department of Labor
**Compliance Requirement:** Reporting
**Questioned Costs:** None

**Type of finding:** Noncompliance and Significant Deficiency

**Criteria:** The Code of Federal Regulations (CFR) (29 CFR subpart C section 97.20(a)(1-2)) requires a state to account for grant funds in accordance with state laws and procedures. The CFR also specifies that fiscal control and accounting procedures must be sufficient to prepare the required reports and adequately track funds to ensure compliance with applicable statutes.

The State Controller has adopted statewide internal controls standards, in accordance with Idaho Code Section 67-1001 (4), based on the National Committee of Sponsoring Organizations. Agency management provides written assurance on the effectiveness of internal control over financial reporting in an annual attestation letter to the State Controller. The Attestation Letter includes a statement of compliance with the statewide internal control standards.

The CFR (20 CFR 602.11(d)) requires each state to operate a BAM program to assess the accuracy of UI benefit payments and denied claims.

Additionally, the CFR (20 CFR 602.21(e)) requires each state to make and maintain records pertaining to the Quality Control (QC) program and make all such records available in a timely manner for inspection, examination, and audit by such federal officials as the Secretary may designate or as may be required or authorized by law.

**Condition:** During our testing of BAM cases, the Department was unable to provide the files for 5 of the 45 (11%) cases in our sample. We also noted one additional case that was not approved as required by the Department's internal control procedures.

**Cause:** The five BAM case files that the Department was unable to provide were part of the caseload of a single staff member that is no longer employed by the Department. The Department did not have a process to ensure that case files were backed up or retrievable from the employee upon separation of employment. The case missing approval appears to be a simple oversight by the responsible staff member.

**Effect:** We were unable to verify that the Department was operating a BAM program in accordance with federal requirements because a significant number of case files were unavailable for review.

**Recommendation:** We recommend that the Department implement internal controls to ensure proper creation and retention of records to comply with federal requirements including BAM Quality Control and audit functions.

**Management's View and Corrective Action Plan:** *All of the case files in question were caused by a single staff member not following procedure and policies as set forth by the BAM supervisor. This individual was ultimately terminated for cause from their employment at the Idaho Department of Labor. In order to ensure this does not happen in the future, additional procedures were implemented and put into effect March 17, 2014. The procedural changes will not allow the completion of a BAM case file without the creation of an electronic backup and review by the BAM supervisor. These additional controls will prevent this situation occurring in the future.*

*The procedural change contained the following narrative:*
*"Based upon findings of recent legislative internal audit, the BAM unit will immediately be implementing the following procedure to insure inventory of BAM files: Upon completion of each audit, all BAM files will be scanned and attached to an email to the BAM Supervisor. All files will be mailed to Central Office following data entry. In addition, Central office staff will maintain inventory of all files received with a notification to Supervisor of any missing files. Again, this control procedure is effective immediately."*

**Scheduled Completion Date for Corrective Action Plan:** July 1, 2014

**Contact Person:** Joni Booth, Financial Executive Officer, Accounting
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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

## VETERANS SERVICES, DIVISION OF

### FINDING 2013-223

A payment of $110,000 made to a not-for-profit for a suicide prevention hotline was not specifically allowable to the Veterans State Nursing Home grant.

**CFDA Title:** Veterans State Nursing Home Care
**CFDA Number:** 64.015
**Federal Award Number:** 38 USC 1741-1743
**Program Years:** October 1, 2011 to September 30 2012; October 1, 2012 to September 30, 2013
**Federal Agency:** Department of Veterans Affairs
**Compliance Requirements:** Allowable Costs/Cost Principles
**Questioned Costs:** Known $12,293

**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:** Title 2, Part 200 of the Code of Federal Regulations (CFR) establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities. Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities are unallowable (2 CFR section 200.434). Capital expenditures, such as equipment, are unallowable as direct costs, but may be reimbursed through depreciation (2 CFR section 200.439). Non-Federal entities are required to establish a system of internal controls to provide reasonable assurance that Federal funds are used for allowable costs.

The Catalog of Federal Domestic Assistance (CFDA) is a listing of all Federal programs available to state and local governments and other entities, including specific information about each program, the objectives of the programs, and the uses and restrictions of program funds. The objective of CFDA 64.015, the Veterans State Nursing Home Care grant, is "To provide financial assistance to States furnishing nursing home care to eligible veterans in State Veterans' Homes which meet the standards prescribed by the Secretary of Veterans Affairs." Uses and restrictions state "The assistance provided is for nursing home care: the accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care or domiciliary care but who require skilled nursing care and related medical services."

The Federal Department of Veterans Affairs pays State Veterans Homes for each day of care provided to eligible veterans. The amount paid is based on two per diem rates. Homes are paid the average daily cost of care for each veteran with a service connected disability. For all other eligible veterans, homes are paid a rate established in the CFR, or half the cost of care, whichever is less. The Division calculates the average daily cost of care each month using direct costs at each of the three State homes and an allocation of indirect costs among state and federal programs.

**Condition:** Donations are payments or other gifts given without return consideration and are specifically described as an unallowable use of Federal funds. The Division paid $110,000 to a not-for-profit organization to be used for the start-up and operation of a suicide prevention hotline. In return, the organization agreed to provide reports to the Division with various statistics and details of how the money was spent. This payment has the qualities of a donation and was included as an indirect cost in the July 2012 daily cost of care calculation.

The indirect cost allocations in December 2012, March 2013, and April 2013 also incorrectly included capital outlay equipment purchases. The cost of capital outlay is allowable to be recovered through depreciation, but not through the monthly indirect cost allocation.

**Cause:** Division personnel enter expenditure transactions into the accounting system in each of the homes and the administrative office. The transactions are reviewed by a financial specialist for accurate coding prior to the batches being released for final posting. The $110,000 donation was recorded as a miscellaneous administrative expense, but a more accurate coding would be as an "Other Contribution or Award" under Trustee and Benefit payments. The capital assets were correctly recorded in the accounting system as capital outlay.

The internal control procedures in place to detect and prevent unallowable costs from being included in the daily cost of care rely on a single person reviewing transactions in the financial system for allowability. Unallowable costs identified during this review are excluded from the cost of care calculations. The Division processes a large number of transactions each month which creates the risk that some unallowable costs will be missed.

In addition to reviewing the transactions for unallowable costs, the indirect cost allocation is reviewed to determine that calculations are accurate and the correct amounts were used. The Division provided documentation indicating that the control procedures were performed each month, but the procedures did not detect the unallowable costs and remove them from the indirect cost allocation.

**Effect:** The suicide prevention hotline, while related to the over-arching mission of the State Division of Veterans Services, which is to provide superior advocacy for veterans, is not related to the specific stated purpose of the Veterans State Nursing Home grant and has the characteristics of a donation, which is an unallowable use of Federal grant funds. Including the $110,000 donation as an indirect cost caused the July 2012 service-connected cost of care to be overstated by $12,178 and that amount may have to be repaid to the Department of Veterans Affairs.

Including the capital outlay costs in the indirect cost allocations had no effect on the basic per diem calculation, but resulted in a $115 total increase in service connected cost of care among all three homes. While this effect is minimal, it further demonstrates the risk that unallowable costs may not be detected as part of the monthly review.

**Recommendation:** We recommend that the Division design and implement internal control procedures to reduce the risk of including unallowable costs in the monthly cost of care calculations.

**Management's View and Corrective Action Plan:** *The Division agrees with this finding and has implemented changes so these expenditures are automatically removed in the Division cost allocation.*

**Scheduled Completion Date for Corrective Action Plan:** Implemented immediately

**Contact Person:** Debbie Spence
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**Auditor's Concluding Remarks:** We thank the department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action plan during the follow-up procedures completed 90 days after the issuance of this report.

## VOCATIONAL REHABILITATION, DIVISION OF

### FINDING 2013-224

The Federal financial reports for the Vocational Rehabilitation Grants to States are not supported by the Division's accounting records and include misstatements.

**CFDA Title:** Rehabilitation Services - Vocational Rehabilitation Grants to States
**CFDA Number:** 84.126
**Federal Award Numbers:** H126A120016, H126A130016
**Program Years:** October 1, 2011 to September 30, 2012; October 1, 2012 to September 30, 2013
**Federal Agency:** Department of Education
**Compliance Requirement:** Reporting
**Questioned Costs:** Not Determinable

**Type of Finding:** Noncompliance and Material Weakness

**Related to Prior Federal Finding:** 12F-21

**Criteria:** The Code of Federal Regulations (CFR) (34 CFR subpart C section 80.20(a)(1-2)) requires a state to account for grant funds in accordance with state laws and procedures. The CFR also specifies that fiscal control and accounting procedures must be sufficient to prepare the required reports and adequately track funds to ensure compliance with applicable statutes.

The State Controller has adopted statewide internal controls standards, in accordance with Idaho Code Section 67-1001 (4), based on the National Committee of Sponsoring Organizations. Agency management provides written assurance on the effectiveness of internal control over financial reporting in an annual attestation letter to the State Controller. The Attestation Letter includes a statement of compliance with the statewide internal control standards.

**Condition:** The federal financial reports included numerous discrepancies when compared to the Division's accounting records and supporting documentation. Examples include:

- The September 30, 2012 RSA-2 report submitted contained multiple mathematical errors and unsupported amounts. Supporting documentation was not available for all amounts reported. In addition, there was no evidence that the report was reviewed prior to being submitted.
- The September 30, 2012 SF-425 report submitted for the 2012 Basic Vocational Rehabilitation Grant failed to properly account for capital outlay expenditures. Total program expenditures reported were $8,745,324; however, accounting records indicate expenditures were only $8,744,322. The difference overstated program expenditures by $1,002, which equals the indirect

cost rate applied to the capital outlay expenditures. The report also showed an indirect cost base of $7,962,287, which improperly included $10,020 of capital outlay.

**Cause:** The Division failed to implement internal controls to prevent or detect and correct errors included in federal financial reports. The Division's staff failed to identify and subtract capital outlay expenditures from total program expenditures prior to applying the indirect cost rate on the SF-425 report. The Division's staff submitted the RSA-2 report twice without a supervisory review. There was no evidence of a review completed for the information submitted a third time. The final amounts reported lacked supporting documentation and could not be tied to the accounting system.

**Effect:** Reports submitted to the Federal agency contained misstatements or amounts that were inadequately supported by reliable financial information.

**Recommendation:** We recommend that the Division develop a process to identify and use accurate and reliable financial records that are reconciled to the statewide accounting system when preparing federal reports. We further recommend that the Division implement adequate internal controls over the reporting process such as reviews by someone knowledgeable about the required reporting information and the underlying data to ensure the report is prepared in accordance with the instructions and requirements.

**Management's View and Corrective Action Plan:** *The Division has implemented procedures to reconcile report data to the Statewide accounting system. The Division has also implemented procedures to insure reports and the associated work papers are properly reviewed before being submitted to the appropriated agency.*

**Scheduled Completion Date for Corrective Action Plan:** July 1, 2014

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**Auditor's Concluding Remarks:** We thank the Commission for its cooperation and assistance throughout the audit. We will review the status of the Commission's corrective action during follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-225**
The indirect cost rate for the Vocational Rehabilitation Grants to States was incorrectly applied and controls were ineffective in detecting errors.

**CFDA Title:** Rehabilitation Services - Vocational Rehabilitation Grants to States
**CFDA Number:** 84.126
**Federal Award Number:** H126A130016
**Program Year:** October 1, 2012 to September 30, 2013
**Federal Agency:** Department of Education
**Compliance Requirement:** Allowable Costs/Cost Principles
**Questioned Costs:** Not Determinable

**Type of Finding:** Noncompliance and Material Weakness

**Related to Prior Federal Finding:** 12F-22

**Criteria:** The Code of Federal Regulations (CFR) (34 CFR subpart C section 80.20(a)(1-2)) requires a state to account for grant funds in accordance with state laws and procedures. The CFR also specifies that fiscal control and accounting procedures must be sufficient to prepare the required reports and adequately track funds to ensure compliance with applicable statutes.

The State Controller has adopted statewide internal controls standards, in accordance with Idaho Code Section 67-1001 (4), based on the National Committee of Sponsoring Organizations. Agency management provides written assurance on the effectiveness of internal control over financial reporting in an annual attestation letter to the State Controller. The Attestation Letter includes a statement of compliance with the statewide internal control standards.

Additionally, Office of Management and Budget (OMB) *2 CFR 225 Appendix E* defines an Indirect Cost Rate as "a device for determining in a reasonable manner the proportion of indirect costs each program should bear." The CFR also explains that the indirect cost rate (federal fiscal year 2012 – 10.00%; federal fiscal year 2013 – 9.29%) should result in each award bearing the fair share of the indirect costs in reasonable relation to the benefits received from the costs. The costs included in the base should be consistent with the costs that were included in the calculation of the indirect cost rate. The Division's base should include all direct costs charged to Federal Fund for the Vocational Rehabilitation Grants to States (Basic VR Grant) less any capital outlay or unallowable costs.

**Condition:** Internal controls were inadequate in preventing errors as they occurred thus failing to ensure compliance with regulations. Complicated, inefficient, and inconsistent methods of calculating federal cash draws led to multiple errors. Examples include:

- Seven federal cash draws for the Basic Vocational Rehabilitation Grant included program expenditures that were doubled.
- In seventeen federal cash draws the Division failed to subtract prior year grant expenditure amounts from the total grant expenditures prior to applying the current year indirect cost rate.
- In fiscal year 2012, the Division had $10,020 in capital outlay expenditures charged to the grant. The amount was not subtracted before applying the indirect cost rate to the grant-to-date expenditure base in the current fiscal year.
- One cash draw had no evidence of a secondary review or approval.

**Cause:** For much of the year, the staff charged with preparing and reviewing the calculation of the cash draws lacked an adequate understanding of the compliance requirements to properly calculate the amount of indirect costs to include in cash draws.

**Effect:** Errors and omissions occurred and went undetected and uncorrected due to the inadequate internal controls. However, by the end of the fiscal year, the Division made changes to the process of calculating indirect costs and adjusted cash draw amounts to correct the errors made through the year.

**Recommendation:** We recommend that the Division provide staff with training to ensure adequate knowledge of the compliance requirements in the CFR (2 CFR Part 225). We further recommend that the Division design adequate internal controls to review and approve the calculation of cash draw requests and ensure the proper indirect cost rate is correctly applied to the appropriate base prior to completing cash draws.

**Management's View and Corrective Action Plan:** *In December, 2013 a new staff member was assigned the task of preparing the indirect cost rate and the cash draws. The new staff person has been adequately trained to properly complete the tasks. The Division implemented procedures to reconcile report data to the Statewide accounting system. The Division has also implemented procedures to insure reports and the associated work papers are properly reviewed before being submitted to the appropriated agency.*

**Scheduled Completion Date for Corrective Action Plan:** July 1, 2014

**Contact Person:** Stephen Strong, Fiscal Manager
Division of Vocational Rehabilitation
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Boise, ID 83720
208-287-6446

**Auditor's Concluding Remarks:** We thank the Division for its cooperation and assistance throughout the audit. We will review the status of the Division's corrective action during follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-226**
The maintenance of effort federal requirement was not met for the Vocational Rehabilitation Grants to States.

**CFDA Title:** Rehabilitation Services - Vocational Rehabilitation Grants to States
**CFDA Number:** 84.126
**Federal Award Number:** H126A120016
**Program Year:** October 1, 2011 to September 30, 2012
**Federal Agency:** Department of Education
**Compliance Requirement:** Matching, Level of Effort, Earmarking
**Questioned Costs:** Not Determinable

**Type of Finding:** Material noncompliance

**Related to Prior Federal Finding:** 12F-24

**Criteria:** The Code of Federal Regulations (CFR) (34 CFR 361.62) requires the maintenance of effort determination be based on a two-year look back of non-federal expenditures for the program. Those regulations also state that if there is a separate part of a State Plan administered by a separate State agency to provide services to individuals who are blind, then satisfaction of the maintenance of effort requirements is determined based on the total amount of non-federal expenditures of both agencies.

**Condition:** The federal fiscal year 2012 maintenance of effort requirement was based on the non-federal expenditures for the program from federal fiscal year 2010. Accounting records show this amount as $4,803,124.The Division's federal fiscal year 2012 non-federal expenditures totaled $3,738,192; resulting in a maintenance of effort deficit of $1,064,932. Both the Division and the Idaho Commission for the Blind and Visually Impaired administer portions of this grant and contribute to the maintenance of effort amount. The audit work completed for the Vocational Rehabilitation Grants to States (Basic VR Grants) at the Idaho Commission for the Blind and Visually Impaired noted an excess of $387,212 in non-federal expenditures in federal fiscal year 2012 above their maintenance of effort requirement. This results in a statewide deficiency of $677,720 and shows that the State as a whole did not comply with this requirement.

**Cause:** Limited State funding provided to the Division restricts the amount of non-federal expenditures each year. Fiscal staff turn-over also affected the Division's ability to appropriately allocate federal fiscal year 2012 funding with proper supporting documentation to meet the federal maintenance of effort compliance requirements. Audit procedures completed in fiscal year 2010 also determined that a disproportionate share of indirect costs was allocated to the Basic Vocational Rehabilitation Grant resulting in an increased maintenance of effort requirement for fiscal year 2012.

**Effect:** Maintenance of effort was not met by the Division individually or in conjunction with the Idaho Commission for the Blind and Visually Impaired. Additionally, the Department of Education Secretary could choose to reduce future funding by the amount of the maintenance of effort deficit.

**Recommendation:** We recommend that the Division properly monitor maintenance of effort requirements to ensure compliance.

**Management's View and Corrective Action Plan:** *As mentioned in the above recommendation in fiscal year 2010 the Division did not segregate the indirect costs associated with other grants and programs, but mistakenly charged all indirect costs to the vocational rehabilitation program in the State's accounting system. In FYE 2012 the Division did segregate the indirect costs and therefore the vocational rehabilitation program only received its appropriate share of the indirect costs. If the indirect costs for FY 2010 were segregated out to the proper programs (instead of all being charged to vocational rehabilitation) the shortage in the FY 2012 maintenance of effort would be $239,046 and not $677,720. The maintenance of effort shortage of $239,046 is due to not enough General Fund appropriations. The Division expended the amount appropriated, however, due to the difficult economy, not enough General Fund appropriations were approved to meet the maintenance of effort. The Division will continue to monitor this and inform the appropriate authorities during the budgetary process.*

**Scheduled Completion Date for Corrective Action Plan:** The agency did not provide a completion date.

**Contact Person:** Stephen Strong, Fiscal Manager
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208-287-6446

**Auditor's Concluding Remarks:** We thank the Division for its cooperation and assistance throughout the audit. As part of accepting federal funds through the Vocational Rehabilitation Grants to States, the Division committed to meeting the compliance requirements included in Office of Management and Budget (OMB) *Circular A-133,* including Maintenance of Effort. While we recognize the State funding provided to the Division limits the ability to meet the Maintenance of Effort requirement, the Division is not relieved of the responsibility to comply.

**STATE OF IDAHO**
**SINGLE AUDIT REPORT**
**SCHEDULE OF STATE FINDINGS AND RECOMMENDEDATIONS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**


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## CONTROLLER, OFFICE OF THE STATE

### FINDING 2013-101

Internal control weaknesses allowed misstatements in the statewide financial statements to go undetected.

**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 throughout the operation. Approvals, authorizations, verifications, reconciliations, and supervisory controls and reviews are all control activities that support this objective.

**Condition:** Several misstatements were identified that exceeded our trivial materiality threshold, but did not exceed materiality. They were all communicated during the audit process. The most significant errors include:

- Testing of the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position determined that $46.9 million in scholarship allowances for the University of Idaho, Idaho State University, and Eastern Idaho Technical College were inappropriately netted against student tuition and fees, rather than being reported on the designated financial statement line of Scholarship Allowances.
- Testing of the Proprietary Fund Statement of Cash Flows determined that:
  - $6.4 million reported as Purchase of Investments in the Unemployment Compensation column was misclassified and should have been reported as Redemption of Investments. This correction was made on the final draft of the financial statements. However, a previous adjustment of $3.4 million to reclassify the change in the fair market value of investments was also removed, thereby understating Receipt of Interest and Dividends and overstating Purchase of Investments by this amount.
  - $6.7 million in loan write-offs in the Loan column was not disclosed as a noncash transaction. In addition, the amount was not properly removed from the cash flow statement, thereby overstating Redemption of Investments and Purchase of Investments.
  - $4.6 million for the Redemption of Investments for the Internal Service Funds column was misclassified as Purchases of Investments.
- Investments of $213.9 million were not properly classified as restricted for the University of Idaho Foundation on the Component Units Statement of Net Position. In addition, $5.9 million was not properly restricted for the Lewis Clark State College Foundation.
- Note 2: Deposits, Investments, Derivative Instruments, and Restricted Assets contained several errors within the note disclosure and supporting schedules. These included:
  - Cash sureties in the amount of $3.8 million for the Industrial Commission were not included in supporting schedules.
  - $6.9 million in U.S. Government agency obligations for Petroleum Clean Water Trust Fund were incorrectly included as corporate obligations. In addition, this amount was excluded from the concentration of credit risk disclosure.

  - Restricted assets in the amount of $221.7 million for the University of Idaho Foundation were not included in the Restricted Assets schedule. This correction was made on the final draft of the financial statements.
  - Information included in the disclosure for Idaho Housing and Finance Association's (IHFA) derivatives did not agree with IHFA's audit report or to the Component Unit financial statements. The deferred inflows and deferred outflows were both disclosed as $84.0 million in the note. However, the Statement of Net Position correctly reported deferred inflows of $5.0 million and deferred outflows of $87.7 million. In addition, the non-effective interest rate swaps were reported in the note as a positive $3.8 million; however, the IHFA's audit report reported a negative $3.8 million.
- Note 5: Noncurrent Receivables did not include a reduction of $9.8 million related to a provision for loan losses as reported by IHFA.
- Note 10: Leases was understated by $5.2 million in operating leases as several entities that receive outside audit reports were excluded.
- Note 12: Bonds, Notes, and Other Long-Term Liabilities pledged revenue for revenue bonds payable for Idaho State University was understated by $50 million.
- Note 12: Bonds, Notes, and Other Long-Term Liabilities conduit debt reported by the Department of Water Resources for the 2005 North Lake Project (Tamarack) bonds did not agree to the amount confirmed with the trustee. The difference resulted in an understatement of $7.9 million.

**Cause:** Weaknesses in the internal controls established by the Office of the State Controller (Office) allowed errors in the financial statements and note disclosures to go undetected.

**Effect:** The financial statement submitted for audit contained errors that were not material but more than inconsequential. All of these errors were corrected before the *Comprehensive Annual Financial Report* was finalized.

**Recommendation:** We recommended that the Office improve the design and effectiveness of internal controls over the compilation of the statewide financial statements.

**Management's View and Corrective Action Plan:** *Documentation for incorporating entity financial statements into the statewide financial report has been improved. Errors identified through our internal review process and by the Legislative Auditors have been noted in our instructions to ensure proper coding going forward.*

*Discussions with the Legislative Auditors will be scheduled to renew our understanding of how items will be classified, within the statewide financial statements, in the event an item's classification differs between the Foundation financial statements and the university financial statements. Additionally, we will meet with the college and university and foundations fiscal staff to understand why classifications may differ between entity financial statements.*

*As noted in this report the Department of Water Resources reported the incorrect amount of conduit debt to our Office. This error was identified when the Legislative Auditors, as part of their audit procedures, confirmed the amount with the trustee. Since 1994 the State Controller has not had the authority to perform post audit functions. Therefore Our Office must rely on the internal controls at each reporting entity and their attestation of those controls and the amounts they report to us. While we will review our internal*

*controls to see if we can identify any weakness in this aspect, at this point we believe our process is appropriate.*

**Scheduled Completion Date for Corrective Action Plan:** July 31, 2014

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**Auditor's Concluding Remarks:** We thank the Office for its cooperation and assistance throughout the audit. We recognize the effort the Office has made through training and communications provided to State agencies regarding closing packages and financial reporting. We believe that the Office has statutory authority to perform procedures to ensure State agencies correctly report financial information to the Office. Idaho Code, Section 67-1001, provides that it is the duty of the State Controller to superintend the fiscal concerns of the State with its accounting, informational, payroll, and related data processing services. To assist in this duty, Idaho Code, Section 67-1007, grants authority to the State Controller to examine any documents (books, papers, accounts, vouchers, and other) of any State officers and custodians of State funds. We will review the status of the Office's corrective action during follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-102**
Reporting for the Idle Pool in the statewide financial statements contains a $27.2 million understatement and a $20.8 million overstatement for a net understatement of $6.4 million.

**Type of Finding:** Significant Deficiency

**Criteria**: Statement No. 31 of the Governmental Accounting Standards Board (GASB), paragraph 7 requires that governmental entities report investments at fair value in the balance sheet. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. This is generally referred to as a mark-to-market adjustment.

Additionally, the 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. Components of this framework include risk assessment, control activities, and information and communication. Risk assessment is the identification and analysis of various risks entities face because of changing economic, industry, regulatory, and operating conditions. It is used to form a basis for how the risks should be managed. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated. Verifications, approvals, reconciliations, authorizations, and segregation of duties are all control activities that support this objective. Information and communication is the identification, capture, and exchange of information in a form and timeframe that enables people to carry out their responsibilities.

**Condition**: The Office performs a year-end analysis of the Idle Pool investments to determine if the difference between book value and fair market value is significant enough to require a mark-to-market adjustment to the statewide financial statements. In fiscal year 2013, the Office developed a new method for this analysis and determined that an adjustment of approximately $41.4 million should be completed

to reduce the value of the Idle Pool. Discussions with the auditors resulted in questions of the validity of data and the appropriateness of amounts used in the analysis process. The Office reversed the entry and re-performed the evaluation using the prior year method. Based on this latest analysis, the Office determined that the difference was less than 1% and concluded that an entry was not necessary. However, the validity of the previous method of analysis is also under question as a better understanding of the underlying data was gained.

In addition, a difference was noted between the amount of cash, net of borrowing limits, as reported in STARS, the statewide accounting system, to the amount reported on the Record of Daily Balances at the end of the fiscal year. The Record of Daily Balances is effectively the bank balance as reported by the Office of the State Treasurer. This difference was not properly resolved through documentation of a reconciling item or adjustment to the statewide financial statements to compensate for the overstatement.

**Cause**: Under the new method of analyzing the Idle Pool investment values, the Office compared the fair market value, as reported by the Office of the State Treasurer, to the amortized book value also reported by the State Treasurer. The fair market value should instead have been compared to the amount currently recorded in STARS when the financial statements were being compiled.

Also, a complete reconciliation was not performed between the amount of cash as reported by the Office of the State Treasurer and the amount reported in STARS. Differences were not thoroughly investigated, nor were the amounts compared to the Record of Daily Balances.

**Effect**: The value of the Idle Pool is understated by approximately $27.2 million because a mark-to-market adjustment was not made. In addition, the Idle Pool is overstated by $20.8 million because the cash balance could not be supported. These amounts offset to an overall understatement of $6.4 million for the Idle Pool.

**Recommendation**: We recommended that the Office continue to gain a greater understanding of the underlying data in STARS and reported by Office of the State Treasurer for the Idle Pool. This understanding should be used to develop an appropriate method of evaluating the mark-to-market adjustment and reconciling cash to supported reports.

**Management's View and Corrective Action Plan:** *During fiscal year 2013 our Office held a series of meetings and other communication with the State Treasurer's Office. The purpose of the meetings was to gain a better understanding of the underlying data provided to our Office by the State Treasurer's Office regarding the Idle Pool. Additionally, our Office met with Legislative Audit staff to solicit their input on a new methodology. Pursuant to our internal control policy we drafted a document outlining our understanding of the data and our accompanying analysis. As a result of our analysis and meetings conducted during fiscal year 2013 we developed a new methodology to determine if an adjustment, referred to as-mark-to-market, was necessary. The Legislative Auditor's methodology may differ from SCO's, however in our opinion the resulting valuation of the Idle Pool was not understated.*

*Our Office is again reviewing our understanding of the data provided by the State Treasurer's Office and further documenting this understanding. We have contacted the State Treasurer's Office to assist us in this process. Additionally, we are reviewing our understanding of all adjustments in our reconciliation of the differences between cash as reported in STARS and the amount reported on the Record of Daily Balances. Improved documentation for reconciling items or adjustments will be provided going forward. Any change in our understanding and or methodology will be drafted into a document which will be reviewed by our staff, the State Treasurer's Office, and the Legislative Auditors.*

**Scheduled Completion Date for Corrective Action Plan:** July 31, 2014

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**Auditor's Concluding Remarks:** We thank the Office for its cooperation and assistance throughout the audit. We will review the status of the Office's corrective action during follow-up procedures completed 90 days after issuance of this report.

## HEALTH AND WELFARE, DEPARTMENT OF

### FINDING 2013-103

Hospital assessments of $14.7 million were levied and collected without statutory authority.

**Type of Finding**: Material Noncompliance

**Criteria:** During the 2010 Legislative Session, the Governor signed House Bill No. 656, which went into effect July 1, 2010. It repealed and reissued Idaho Code, Section 56-1404, granting separate authority for the Department of Health and Welfare (Department) to collect increased assessments from hospitals through June 30, 2012. The reissuance of Idaho Code, Section 56-1404, gave the Department authority to collect assessments through the end of fiscal year 2012.

The *Internal Control Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include risk assessment, control activities, and information and communication. Risk assessment is the identification and analysis of various risks entities face because of changing economic, industry, regulatory, and operating conditions. It is used to form a basis for how the risks should be managed. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated. Information and communication is the identification, capture, and exchange of information in a form and timeframe that enables people to carry out their responsibilities.

**Condition:** The Department was unaware the statutory authority had expired and continued to charge and collect hospital assessments during fiscal year 2013. House Bill No. 656 contained a sunset clause that restored the statute to its original 2010 status on July 1, 2012. The original statute authorized the assessments for fiscal years 2009, 2010, and 2011; thus, in reverting to the original statute, authority expired. There may have been some misunderstanding by parties involved in the process about the affect of the reissuance of the original Idaho Code section and the intent to continue authorizing the hospital assessments.

**Cause:** The Department's internal controls designed to ensure compliance with laws and regulations failed to correctly detect the change in statute allowing the collection of assessments without statutory authority.

**Effect:** The Department billed hospitals for $14.7 million in assessments that were not statutorily authorized in fiscal year 2013. Based on a letter provided by the Idaho Hospital Association supporting the assessment, we do not believe a liability was required for the financial statements.

**Recommendation:** We recommended that the Department strengthen internal controls over compliance with laws and regulations to ensure fees charged and collected are appropriately authorized. We also recommended that the Department clarify the purpose and legislative intent for the hospital assessment fees and, if necessary, work to amend Idaho Code, Section 56-1404.

**Management's View and Corrective Action Plan:** *The Department agrees there is a disconnect between the applicable statute and the Legislative intent that guided the Department's actions. This disconnect occurred because of a ministerial error during the legislative process in drafting the sunset clause in House Bill (HB) No. 656 from the 2010 Legislative Session. It was the undisputed intent of all parties involved to maintain the hospital assessment in FY 2013 and beyond. Below is some background information that added to the collective belief that statutory authority was in place:*

a) *There is specific wording expressed in the Joint Finance and Appropriations Committee (JFAC) motion sheet discussion supporting the Medicaid appropriations for state fiscal year 2013. It states:*

> *Hospital Assessment Sunset: This line item funds $22,400,000, ongoing, from the General Fund to replace dedicated assessment funds that will no longer be available due to the sunset of the Gap/Trustee & Benefit assessment at the end of FY 2012. The department request includes a like reduction in dedicated funds, which this motion does not include. The dedicated fund reduction is zeroed out to allow for the shift in provider assessment contributions from the Gap/Trustee & Benefit assessment to the UPL (Upper Payment Limit) assessment in FY 2013. (Emphasis added.)*

b) *HB 682, the Medicaid appropriations bill from the 2012 Legislative Session, includes nearly $60 million in spending authority from the Hospital Assessment fund for SFY 2013. If the Legislature did not intend to allow the Department to continue to assess the hospitals, it would not have granted spending authority from the assessment fund.*

c) *On page 11 of the 2012 Idaho Legislative fiscal report, the following statement expressly refers to the continued assessment for SFY 2013 under the heading "Health Care Provider Assessment Sunset":*

> *To offset the impact of the sunset of the statute authorizing the Gap/Trustee and Benefit Assessment allowances, Medicaid received an ongoing General Fund increase of $36.4 million, which is the amount the three provider types contributed for that purpose in FY 2012. The UPL assessment will remain in place in FY 2013 and beyond, and the department maintained the necessary dedicated and federal spending authority to facilitate. (Emphasis added.)*

d) *During the 2013 legislative session, the supplemental appropriation bill for Medicaid, HB 210, was signed into law on March 15, 2013. This supplemental bill included the same level of Hospital Assessment spending authority for SFY 2013, $60 million, as the original appropriation bill, HB 682.*

*e) All of the hospitals assessed in SFY 2013 paid their assessments in a timely manner and without dispute.*

*A proposed legislative correction is being submitted this legislative session to remove any doubt about the Department's statutory authority to make this assessment in future years.*

**Scheduled Completion Date for Corrective Action Plan:** April 30, 2014

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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. We continue to assert that the Department's internal controls should have prevented or detected and corrected the noncompliance prior to the audit. We will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

**FINDING 2013-104**
Financial reporting processes contain significant deficiencies in internal control allowing several errors in various closing packages to go undetected.

**Type of Finding**: Significant Deficiency

**Criteria:** The Committee of Sponsoring Organizations of the Treadway Commission (COSO) published the *Internal Control Integrated Framework* which provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include risk assessment, control activities, information and communication, and monitoring.

Risk assessment is the identification and analysis of various risks entities face because of changing economic, industry, regulatory, and operating conditions. It is used to form a basis for how the risks should be managed. Control activities are policies and procedures 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. Information and communication is the identification, capture, and exchange of information, including adequate source documentation to support financial transactions. Monitoring is a process that assesses the quality of an internal control system's performance over time.

As part of the preparation and fair presentation of financial statements, management should establish financial reporting processes for making accounting estimates, including adequate internal control. Such processes include developing or identifying relevant data and assumptions that affect accounting estimates.

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

**Condition:** The Department's internal control system failed to prevent or detect several misstatements in various closing packages. The most significant errors include:

1. Duplication of data in the compilation of information
2. Expenditure transactions related to goods or services received prior to year-end but paid after year-end not being consistently identified
3. Lack of a process for identifying the accounting period to which specific revenue transactions relate
4. Formula and mathematical errors
5. Use of an outdated federal funding participation rate
6. Failure to estimate activity that would occur after the submission date but prior to the end of the revenue recognition period

These errors resulted in various misstatements within several closing packages and financial statement lines. Below is a summary schedule of the impact of the most significant errors, including the identification of the cause as explained above.

| Closing Package | Net Over/(Under) Statement | Cause of Error(s) |
|---|---|---|
| Interfund Payables | $ (1.9 million) | 2,6 |
| Accounts Payable | (2.2 million) | 1,2 |
| Accounts Payable – Medicaid Payable | 1.6 million | 4 |
| Accounts Receivable | 3.2 million | 1,3,4 |
| Accounts Receivable – Deferred Revenue | 1.7 million | 1,4 |
| Accounts Receivable – Revenue | .4 million | 1 |
| Grants Receivable | (3.4 million) | 1,2,4,5 |
| Grants Receivable – Deferred Revenue | (1.2 million) | 4 |
| Grants Receivable – Revenue | 1.2 million | 4 |
| Grants Receivable – Long-Term Liability Due Within One Year | (1.6 million) | 4 |

**Cause:** Review procedures were not performed at the level of detail necessary to detect duplicate information and other errors in closing packages prior to submission to the SCO.

Additionally, monitoring of internal controls failed to detect a significant training issue related to the identification of the proper accounting period for expenditure and revenue transactions.

Finally, closing packages determined to have a higher risk of misstatement were not given additional scrutiny in the review process that would be commensurate with the risk. For example, those closing packages that involve more significant accounting estimates should be identified and additional controls put in place related to the preparation and review of those closing packages.

**Effect:** The misstatements were not material to the statewide financial statements. However, it is reasonably likely that the deficiencies in the Department's internal control system which allowed these misstatements to be reported would fail to detect a material misstatement in the future. Subsequent to communications with the Department regarding the misstatements noted during the audit, the Department resubmitted information to the SCO to correct many of the misstatements.

**Recommendation:** We recommended that the Department strengthen the design and effectiveness of internal controls over the completion of closing packages. We also recommended that the Department enhance the monitoring of internal controls to ensure they are operating as designed to comply with GAAP reporting requirements and SCO closing package instructions. We further recommended that the Department strengthen the review process to ensure accurate and reliable financial information is provided to the SCO.

**Management's View and Corrective Action Plan:** *The Department agrees with the majority of this finding.*

*We agree that all conditions, except for condition number six, were present in some closing packages as noted in the findings summary schedule. Therefore, as a result of this finding, the Department has strengthened its training, processes and documentation regarding the submission of closing packages in order to prevent such errors from occurring in the future.*

*The Department disagrees with condition number six that the Interfund Payables closing package was resubmitted due to the omission of a needed estimate. The resubmission was done to reflect actual accounting activity that later became available, but was unavailable at the time of submission. The State Controller's Office encourages agencies to submit additional information after the initial due date of a closing package if the additional amounts are significant, which is what the Department did in this instance. This is appropriate and not indicative of an error in the original submission.*

*The Department also disagrees with the report's statement that, "it is reasonably likely that the deficiencies in the Department's internal control system which allowed these misstatements to be reported would fail to detect a material misstatement in the future." We believe our current processes and internal controls are highly capable of preventing such an event from occurring.*

**Scheduled Completion Date for Corrective Action Plan:** August 31, 2014

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**Auditor's Concluding Remarks:** We thank the Department for its cooperation and assistance throughout the audit. Related to condition six, we understand and agree regarding the timing and potential resubmission of the Interfund Payable closing package information. However, we continue to assert that the Department's internal controls should have detected and corrected the incomplete information reported in the closing package prior to the audit. We will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

## TAX COMMISSION, IDAHO STATE

### FINDING 2013-105

Estimates used to determine the amount of taxes receivable accrued at year-end are not properly evaluated for reliability, resulting in misstatements.

**Type of Finding**: Significant deficiency

**Criteria:** The Office of the State Controller (SCO) collects information from State agencies on year-end closing packages to make adjustments from cash basis financial statements to accrual basis financial statements. The Accounts Receivable closing package reports the taxes receivable, net of allowances for tax refunds and doubtful accounts, and including estimated amounts to be collected within one year and thereafter.

Auditing and Accounting standards provided by the American Institute of Certified Public Accountants state that revenue is recognized when taxable income is earned and a receivable is reported when revenue is recognized. Derived tax revenues, such as income tax and sales tax, are recognized when the underlying exchange transaction occurs. Standards also state that estimates must be used to arrive at the total derived tax revenue related to the underlying transactions in a fiscal year and the related receivable. It further states that sales and income taxes and other resources to be recovered by tax audit should be recorded, if measurable, in the same period as the underlying transactions regardless of when they are actually collected.

Management is responsible for establishing a process for preparing accounting estimates based on relevant, sufficient, and reliable data. This process should include a comparison of prior accounting estimates with the subsequent results to assess the reliability of the process used to develop the estimates.

**Condition:** The Idaho State Tax Commission's (Commission) current process for determining the amount to report as taxes receivable is based on estimated amounts. While reviewing this process, we noted procedures are not completed to compare the amounts reported in the prior year as estimated taxes receivable to the actual amounts collected. Without this review, the reliability of the estimates used cannot be verified. Also, the current process does not include amounts for anticipated receipts not yet identified at the end of the fiscal year, including collections from audits, tax discovery, and collections.

**Cause:** The Commission has no control procedures in place to review prior-year closing package amounts reported, including estimates. The current procedures and calculations also do not include all potential revenue sources that should be recorded as taxes receivable.

GenTax is a stand-alone system used by the Commission to track taxpayer account information including receipts and refunds. At the time of the audit, GenTax reporting parameters could not provide the relevant, sufficient, and reliable data needed to properly review the taxes receivable amounts reported in prior fiscal years.

**Effect:** An amount for anticipated revenue from audits, tax discovery, and collections was not included in the taxes receivable estimate, resulting in a likely understatement for the fiscal year 2013 receivable amount reported. However, without relevant, sufficient, and reliable data to analyze revenue collected in prior years, the likely amount of the current year understatement cannot be reasonably estimated.

**Recommendation:** We recommended that the Commission implement closing package procedures to ensure that all tax types and collection methods are considered in the estimate for taxes receivable and that the estimate is compared to actual results for reasonableness.

**Management's View and Corrective Action Plan:** *We recognize that the current methodology for estimating Taxes Receivable at fiscal year-end presently does not attempt to measure returns or taxable events that have not yet been filed or reported within approximately 60 days after the end of the fiscal year. Although the current method has been mutually developed with the help and guidance of staff at the SCO and used for several years, a change in methodology to measure additional,*

*presumably estimable, future revenues not yet reported or known will be evaluated. Our ultimate objective is to provide the most accurate estimate possible with the continued help, advice, and concurrence of SCO reporting staff and of LSO audit acceptance.*

**Scheduled Completion Date for Corrective Action Plan:** Completion date is dependent upon the evaluation to be completed by the Commission.

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**Auditor's Concluding Remarks:** We thank the Commission for its cooperation and assistance throughout the audit. We will review the documentation and instruction changes described in the corrective action during follow-up procedures completed 90 days after issuance of this report.

## TREASURER, OFFICE OF THE STATE

### FINDING 2013-106

The Office of the State Treasurer inappropriately transferred investments from the Local Government Investment Pool to the Idle Pool resulting in a disproportionate share of investment losses incurred by the State.

**Type of Finding:** Material Weakness

**Criteria:** The Office of the State Treasurer (Office) is charged with the authority to invest idle funds of the State, as identified in Idaho Code Section 67-1201(5). The Idle Pool is an internal investment pool consisting of mostly State general and dedicated funds with involuntary participants. Interest received on all permitted investments is to be paid into the general account unless otherwise specifically designated.

The Local Government Investment Pool (LGIP) is an external investment pool with voluntary participants that are mostly local governments, such as counties and municipalities. Participants apply to join the LGIP, and the risk of loss is disclosed in the Statement of Understanding. The LGIP is authorized through Idaho Code, Section 67-1226.

The Office has established investment policies for both pools that refer to the "Prudent Investor Rule" embodied in Idaho Code Title 68 Chapter 5 and Idaho Code, Sections 67-1210 and 67-1210A, to guide investment objectives.

While the Idle Pool and the LGIP have similar investment strategies, the two pools are independent of the other and have separate authorizing legislation. Idaho Code, Section 68-506 states that if a trust has two or more beneficiaries, the trustee shall act impartially in investing and managing the trust assets, taking into account any differing interest of the beneficiaries. The Idle Pool and LGIP have two distinct sets of beneficiaries with differing interests.

Additionally, the Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure

management directives are carried out throughout the operation. These activities include approvals, authorizations, verifications, reconciliations, and segregation of duties. Even though internal control over financial reporting may appear to be well-designed and effective, controls that are otherwise effective can be overridden by management in every entity. When the opportunity to override internal controls is combined with powerful incentives to meet financial objectives, senior management may engage in detrimental activities or transactions.

**Condition:** The Office entered into a Securities Lending Agreement in January 2000 which allowed for the cash collateral and investment holdings of the Idle Pool and the LGIP to be comingled in a securities lending portfolio. The lending agent provided separate statements of position for both pools, but also allowed for the allocation and reallocation of assets between the LGIP and the Idle Pool without proper safeguards in place to protect the interests of each individual pool.

On July 29, 2009, the Office directed the securities lending agent to reallocate four asset-backed securities from the LGIP's account to the Idle Pool's account. In turn, cash held in the Idle Pool account was reallocated to the LGIP account in the amount of $31 million. However, based on the investment statements provided by the Office for July 31, 2009, the fair market value of the securities totaled approximately $19.1 million. The amount of Idle Pool cash reallocated to the LGIP exceeded the fair market value of the four asset-backed securities by approximately $11.9 million. In addition, the securities were rated below the required AAA by both Moody's and Standard and Poor's at the time of the reallocation. Credit quality ratings are given to securities to indicate different levels of exposure to risk. The higher the rating, the lower the risk of loss while the lower the rating, the greater the risk of loss associated with the investment.

As we inquired of the Office about the reallocation of securities, they alerted us to additional reallocations of seven securities that took place in August 2008. The amount of Idle Pool assets reallocated to the LGIP account exceeded the fair market value of the seven securities by approximately $8.7 million. Based on the investment statements provided by the Office for July 31, 2008, the fair market value of the securities totaled approximately $46.5 million. In August 2008, approximately $55.2 million of assets were reallocated from the Idle Pool account to the LGIP's account. In addition, six of the seven securities were rated below the required AAA by both Moody's and Standard and Poor's at the time of the reallocation. The seventh security was unrated by Moody's, while it was rated at AAA by Standard and Poor's.

**Cause:** In an intentional effort to avoid a likely downgrade of the LGIP rating by Standard and Poor's in 2008 and 2009, the Office reallocated the securities from the LGIP in exchange for Idle Pool assets. The Office provided documentation to show that in the days leading up to the 2009 reallocation of the securities to the Idle Pool, Standard and Poor's had communicated to the Office that a downgrade of the LGIP rating was likely due to holding these specific securities in the LGIP portfolio and that the Office felt that the rating was more important than any other investment. The internal controls established by the Office in its investment policy were overridden when senior management directed the reallocations.

Additionally, the structure of the Securities Lending Agreement allowed the Office to arbitrarily reallocate assets between the investment pools without properly protecting the interest of all affected participants. The comingling and reallocation facets of the agreement led to the ability to manipulate investment pool assets and the financial reporting related to the assets.

As of June 30, 2013, the Office held $2.9 billion in investments for the Idle Pool and the LGIP without the aid of independent oversight to review investment activity and to ensure fiduciary duties have been considered.

**Effect:** The State's Idle Pool was unnecessarily exposed to risk and realized losses of $10.2 million during fiscal year 2013 when most of the reallocated securities were liquidated. The two remaining securities still allocated to the Idle Pool were in an unrealized loss position of approximately $17.4 million at June 30, 2013. The reallocation activities were not completed in a manner to manage the Idle Pool assets in the sole interest of the Idle Pool participants and did not clearly preserve the fiduciary duty of undivided loyalty.

At June 30, 2012, the combined investment in the Securities Lending Agreement was approximately $1.2 billion of which $549 million was allocated to the Idle Pool and $619 million was allocated to the LGIP. This equates to a pro-rata share of approximately 47 percent and 53 percent, respectively. However, one year later at June 30, 2013, the Idle Pool position in securities lending only decreased by 11 percent to $489 million while the LGIP position in securities lending had been completely liquidated. The LGIP did not participate in the realized losses related to these transferred securities and now has no exposure to any remaining risk of loss.

**Recommendation:** We recommended that the Office strengthen processes to reduce the risk of management override of controls. This could include the addition of an independent oversight function in the form an investment board and financial consultants with specific expertise related to investment pools and activities. We also recommended that the Office evaluate the structure of all investments, including securities lending agreements, to ensure the preservation of their fiduciary duty of undivided loyalty to both the State's Idle Pool and the LGIP. The Office should design and implement appropriate internal controls to segregate investment activities and decision making between the two pools. We further recommended that the Office review the Securities Lending Agreement activity since July 1, 2008, to identify all losses incurred by the Idle Pool due to the inappropriate reallocation of assets.

**Management's View and Corrective Action Plan:** *We disagree with the finding and certain content as presented within the finding. As we discuss in detail below, the STO's decisions must not be considered in hindsight and require an accurate understanding of the complex investment vehicle known as "securities lending." The STO firmly believes that a person knowledgeable in securities lending with only the information available to the STO at the time of the transaction would conclude that the STO made decisions that were consistent with its duties to the funds in question. Reviewing the situation with the information we have today, we do recognize certain process and control weaknesses were present at the time the decisions were made regarding the securities lending allocation in 2008- 2009. In fact, the STO began implementing substantial changes to management structure, policies and procedures in the fall of 2009 to address those weaknesses. The STO monitors processes and controls on an ongoing basis and implements changes to strengthen controls, policies, and procedures when weaknesses are identified. As a result of this self-monitoring, the STO has stronger processes in place today than it had in 2009.*

*The securities lending portfolio is a separately managed external investment pool separate from the internally managed LGIP and IDLE. The internally managed LGIP and IDLE portfolios are independent of one another and are managed accordingly. The finding cited by the audit team stems from a situation occurring in 2008 & 2009 and does not apply to current STO internal investment practices or the policies currently in place for external managers.*

*Securities lending was a common business practice in 2000, when the securities lending agreement was entered into. However, securities lending is a very complicated investment process and because of this, the STO hired an outside expert as an agent to run the program.*

*The securities lending agreement executed in 2000 was a standard agreement comprised of standard practices which included comingled or "pooled" collateral accounts. From 2005 to 2007, the*

*securities lending agent engaged by the STO (the "Lending Agent") purchased eleven assets (the "Assets") for the collateral pool managed by the agent for the STO's securities lending program (the "Program"). Under the STO's contract with the Lending Agent, asset purchases must comply with the Cash Collateral Investment Practices ("CCIP") established by the STO. The rating requirement in Idaho Code section 67-121OA mentioned by audit staff applies at the time of purchase. At the time of purchase, the Assets in question each held a rating of AAA and met the standards in the CCIP.*

*Credit ratings, however, are a single factor that may be considered when making investment decisions and should be used only in conjunction with other investment considerations.*
*Investment decisions should not be made solely on credit ratings. One of the national rating agencies, Standard and Poor's, provides the following illustrative warnings:*

- *Credit Ratings are opinions about relative credit risk.*
- *Credit ratings are not investment advice, or buy, hold, or sell recommendations. They are just one factor investors may consider in making investment decisions.*
- *Credit ratings are not indications of the market liquidity of a debt security or its price in the secondary market.*
- *Credit ratings are not guarantees of credit quality or of future credit risk.*

*The audit team further draws the conclusion that the reallocation violated the duty of impartiality set forth in Idaho Code section 68-506. The Uniform Prudent Investor Act requires that a trustee invest and manage the assets of a third party as a prudent investor would, with the exercise of reasonable skill and caution. The trustee's investment and management decisions must be evaluated not in isolation but in the context of the portfolio as a whole and as part of an overall investment strategy. Idaho Code § 68-502. The act specifically provides that "[c]ompliance with the prudent investor rule is determined in light of the facts and circumstances existing at the time of a trustee's decision or action and not by hindsight." Idaho Code § 68-508.*

*The duty of impartiality as set forth in the act provides that:*

> *If a trust has two (2) or more beneficiaries, the trustee shall act impartially in investing and managing the trust assets, taking into account any differing interests of the beneficiaries.*

*Idaho Code § 68-505. The duty of impartiality is more fully fleshed out in the Third Restatement of Trusts at section 79 and the accompanying comments. The duty is not one of equal treatment but of balancing the naturally conflicting interests of multiple beneficiaries and ensuring that management and administration decisions are not influenced by favoritism or animosity toward a beneficiary. Assuming for the purposes of discussion that the STO is a trustee with respect to the IDLE fund, in this context the duty of impartiality required that the STO's actions recognize the needs of both the LGIP and the IDLE fund and not favor or disfavor either of the funds. Under Idaho Code section 68-502, the analysis of whether the STO's actions were prudent and complied with the duty of impartiality is determined by looking to the facts and circumstances existing at the time of the actions, not by looking in hindsight.*

*During the time in question, the STO consulted with the Lending Agent concerning the risks of the Assets. The Lending Agent's credit department performed an extensive credit evaluation and concluded that the Assets would pay in full. The STO did not uncover facts discrediting this conclusion in its own review of the matter. The STO reasonably believed that the Assets were not an imprudent risk to the Program as a whole and specifically to either the repayment of the cash collateral deposited by borrowers of the LGIP's securities or the IDLE fund's securities. The information known to the STO at the time was that the LGIP*

*was threatened with a lower rating if the Assets remained associated with the pool. The Lending Agent's reallocation of the Assets addressed this known situation.*

*The assertion that the STO's internal controls were overridden is false. There was no sale or purchase of the Assets. Without a purchase or sale, the CCIP did not apply and the documentation and approval requirements for a purchase or sale in the Program, or generally in the STO's investment operations, were not triggered. In fact, the agreement with the Lending Agent allowed the Lending Agent broad discretion to control the assets in the collateral pool. See Securities Lending Agreement, para. 2(d) (Except as specifically set forth in the Agreement, the Assets are controlled by and subject only to the instructions of the Lending Agent). The decisions made to reallocate the Assets were a coordinated effort between the Securities Lending agent and the investment manager within the control framework at the time.*

*Since the allocation occurred, STO has managed the activities of securities lending based on current knowledge and understanding without focusing on activities of the past. The Office has moved to limit exposure of assets under management to securities lending by winding down the securities lending program. We feel that this has been a prudent action considering the losses realized across the country due to securities lending activities during the unprecedented economic crisis experienced between 2007-2011. Audit staff further references realized and unrealized losses in the finding. While these references are technically accurate, a conscious decision was made to sell certain distressed assets at a time when market conditions were opportune to offset realized losses with realized gains. This decision was made to avoid a detrimental fiscal impact which would have been present if these assets would have stopped performing, thus forcing the general fund to bear the burden of financial loss. The STO has not found it prudent to liquidate the remaining assets referred to in the finding that currently have unrealized losses. These assets continue to receive principal and interest payments monthly and due to the fact that these unrealized losses are held in collateral of a securities lending loan arrangement, any liquidation will need to be a carefully orchestrated effort to ensure all loans are made whole and no contracts are breached.*

*It is not uncommon for States to comingle funds for investment purposes. At the time, the STO believed our contract protected the interests of each individual pool from undue risk. It is only through the lens of hindsight that the decision is being evaluated. In this case, the investment and management decisions were made after due diligence and consideration of the circumstances known at the time, including a reasonable balancing of the known risks and benefits of an investment decision to both the IDLE account and the LGIP.*

*Since the events of 2008 and 2009, changes have been made to the organizational structure to improve controls and processes. These changes include improved management structure to encourage increased involvement of investment staff and better communication between investment staff, management, and the State Treasurer. In addition to the structural changes, staff has been added to the investment division to improve the review and reconciliation process and allow for increased segregation of duties. Prior to this audit, the STO selected an independent financial consultant to review strategies and compliance of the investment portfolios and provide reports to the Treasurer that will outline any issues identified by the independent consultant. The Office has also updated processes to include verification of statements made by third party agents.*

**Scheduled Completion Date for Corrective Action Plan:** The Office did not provide a corrective action, so no completion date is expected.

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**Auditor's Concluding Remarks:** We thank the Office for its assistance throughout the audit. We continue to assert that the Office inappropriately transferred investments from the LGIP to the Idle Pool. As the Office indicates in their response to the finding, the LGIP and Idle Pool are independent of one another. The LGIP and Idle Pool have two sets of beneficiaries with independent interests. The transfers eventually resulted in the disproportionate share of investment losses incurred by the State; however, had the transfer resulted in a disproportionate share of investment gains, we still would have questioned the manner in which the transfers took place, not the end result.

We concur that securities lending transactions do include some complexity; however, in these situations, the securities lending transactions were simply the vehicle used to inappropriately transfer securities and the associated risks from the LGIP to the Idle Pool. The allowance in the Securities Lending Agreement to commingle funds created the opportunity for transfers between independent investment pools. The funds associated with the Securities Lending Agreement were part of an investment vehicle not part of an investment pool comparable to the LGIP and the Idle Pool.

We acknowledge that the Securities Lending Agreement allowed the Lending Agent latitude to allocate and reallocate investments between the independent investment pools. However, the transactions noted in the finding resulted from direct orders from the Treasurer and the Investment Manager. This is supported by electronic communications provided by the Office. On August 6, 2008, the Investment Manager, in a communication to the Treasurer, indicated that the Office contacted our staff under the pretense of inquiring, hypothetically, if a municipality (in general municipalities do not administer investment pools) could make transfers between investment funds. Our staff provided an informal response that an outright purchase and sale would provide means to document the transactions. On August 7, 2008, the Treasurer stated that he would follow the lead of the Investment Manager on the transactions, "…as it is too technical for me. However, I do think that our rating with S&P is more important than any investment vehicle we are using…" Later, on August 8, 2008, the Investment Manager contacted the Lending Agent with the instructions to move the securities from the LGIP securities lending portfolio to the Idle Pool securities lending portfolio.

Prior to the initial transfers in 2008, one of the Office's independent investment advisors inquired about whether or not the State was "…good with moving the securities lending assets/collateral from the DBF/LGIP to the State Idle Fund." The investment advisor inquired about a possible review or approval from the State's Attorney General's Office. The Investment Manager replied that the Attorney General's Office had approved the security transfers. We were not provided documentation to support an official opinion provided by the Attorney General's Office. Based on electronic communications provided by the Office, the transfers that occurred during 2009 were also completed at the direction of the Investment Manager.

In the response to the finding, the Office notes that the Lending Agent provided guidance that estimated the securities transferred in 2009 would fully recover principal amounts. While we respect the estimates of recovery, the transfer of assets at original cost instead of fair market value does not provide appropriate consideration for the risk to which the Idle Pool was exposed and eliminates any investment risk that the

LGIP should have borne had the assets remained in their respective pools or been sold through an arm's length transaction. Once again, the Idle Pool assumed the additional risk associated with the securities that were significantly downgraded and in loss positions. If the securities did not have increased risk, there would not have been a likely downgrade of the LGIP rating due to holding the securities and the fair market value would not have been so far below the cost. The Agent communicated that their opinion was that the ratings agencies had overreacted to market conditions in the downgrade of the transferred securities; however, at the time, the ratings were in place and showed increased risk associated with the securities.

In the response to the finding, the Office asserts that internal controls were not overridden because there was no sale or purchase of assets. We respectfully disagree for the following reason. With regard to the transfer that occurred in 2009, the Office's Investment Manager instructed the Lending Agent to transfer cash of approximately $31 million from the Idle Pool **in exchange** for securities from the LGIP with a fair market value of approximately $19 million. This is an exchange transaction that should have been handled at arm's length, should have had adequate internal controls in place to protect the interests of both parties, and should have had appropriate documentation to evidence the transaction. A transaction can include a purchase, sale, loan, pledge, gift, transfer, delivery, or other disposition and, with respect to financial institutions transactions, include deposits, withdrawals, transfers between accounts, exchange of currency, loans, extensions of credit, or purchases and sales of monetary instruments. Not only were the Idle Pool participants unknowingly forced to exchange assets for distressed securities, the transactions were completed at amounts in excess of fair market value. **All of these factors were known at the time of the transactions in 2008 and 2009.** These transactions were also outside of the norm for the Securities Lending Agreement because the Lending Agent was not the decision maker for the reallocations. The internal controls established by the Office were overridden when the senior management directed the reallocations of the assets. The Office was motivated to complete the transfers by the pressure of the likely downgrade of the LGIP rating and a theoretical run on the LGIP by participants due to the possible downgrade. Senior Management had the opportunity to complete the transfers outside of the normal internal control procedures due to the structure of the Securities Lending Agreement which allowed for the comingling of LGIP and Idle Pool assets.

Throughout the Office's response to the finding, there is a theme of viewing the events of the transactions in hindsight. The Office was aware at the time of the transfers in 2008 and 2009 that the LGIP and the Idle Pool were independent from one another. The other factors presented above demonstrate factors that were known at the time of the transfers, such as the lowered rating on the specific investments and Standard and Poor's intent to downgrade the rating of the LGIP specifically in response to the rating on those investments. The consequences associated with the decisions were presented as part of the finding, but those consequences were presented to illustrate the effects of unnecessarily exposing a set of independent beneficiaries to a disproportionate risk.

**FINDING 2013-107**
The Office of the State Treasurer misclassified one security in the Idle Pool investment closing package.

**Type of Finding:** Material Weakness

**Criteria:** The Office is required to submit investment information to the Office of the State Controller as part of the closing package process for inclusion in the statewide *Comprehensive Annual Financial Report (CAFR)*. Closing packages include instructions based on Generally Accepted Accounting Principles (GAAP) to ensure accurate information is submitted by the Office. Governmental Accounting Standards Board (GASB) Statement No. 40 requires information about the concentration of credit risk associated with

investments and investments in any one issuer that represents five percent or more of total investments should be disclosed by amount and issuer.

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

**Condition:** The concentration of credit risk schedule included in the original closing package for the Idle Pool was submitted to the Office of the State Controller with a $99.9 million security classification error. The securities were purchased with Tax Anticipation Note proceeds and had a trade date of 6/26/13, totaling $249.9 million. The total was classified as Federal Home Loan Mortgage Corporation securities; however that total included one $99.9 million Federal Home Loan Banks security. The two security types are reported separately in the note disclosures to the State's financial statements. The single misclassified security was noted during our review of all 155 securities included in the Idle Pool.

**Cause:** Weakness in the application of internal controls established by the Office allowed the reporting of the misclassification to go undetected. The Office's closing package preparation process includes a review by a separate staff member, but the misclassification was not identified during the review process.

**Effect:** A $99.9 million misclassification in the concentration of credit risk schedule for the Idle Pool was originally reported to the Office of the State Controller for inclusion in the statewide *CAFR*. The misclassification is a material misstatement of a required disclosure associated with the statewide *CAFR*. After our review, the Office submitted a corrected closing package to the Office of the State Controller.

**Recommendation:** We recommended that the Office strengthen the review process over closing package preparation to ensure that amounts reported in the investment pool schedules are properly classified.

**Management's View and Corrective Action Plan:** *A classification error within a footnote was made and went undetected through the proper review process. The error caused a 4.7% swing in actual concentration of Federal Home Loan Mortgage Corporation (FHLMC) and Federal Home Loan Bank (FHLB) within the IDLE pool. This resulted in a concentration percentage invested in FHLMC to be adjusted from 21.85% to 17.12% and FHLB to be adjusted from 11.61% to 16.34%.The information was provided for preparation of the concentration risk footnote required by GASB 40. While considering the primary users of the CAFR, the Office questions if this classification error would have a material effect on the decision of a reader. The Office has qualified personnel to prepare and review closing packages, and simply missed classifying one security properly. Although we question whether this misclassification is material, the Office did make the necessary correction. This instance has strengthened our resolve to maintain a detailed review of all security classifications. The Office will continue to apply detailed preparation and review processes to ensure proper classification going forward.*

**Scheduled Completion Date for Corrective Action Plan:** The Office did not provide a corrective action, so no completion date is expected.

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**Auditor's Concluding Remarks:** We thank the Office for its cooperation and assistance throughout the audit. We would like to clarify that auditing standards require us to consider many factors when making a judgment about materiality. We are required to determine a quantitative amount for materiality evaluations, and a typical range for materiality is between three and five percent to ensure that the auditor considers both errors that may be detected and the risk that errors may occur and go undetected through our procedures. Further consideration of qualitative aspects related to the required disclosure or error also factor into decisions about materiality. We continue to assert that the Office did not identify the error through procedures intended to do just that and that the error is significant with regard to both quantitative and qualitative factors.

**STATE OF IDAHO**
**SINGLE AUDIT REPORT**
**SCHEDULE OF PRIOR FEDERAL FINDINGS AND QUESTIONED COSTS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | STATE AGENCY | FEDERAL AGENCY | CURRENT STATUS | PAGE |
|---|---|---|---|---|
| **BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE** | | | | |
| 12F-1 | Internal controls are inadequate to ensure compliance with federal requirements for the Rehabilitation Services - Vocational Rehabilitation Grants to States. | Department of Education | Closed (Current Finding 2013-201) | 97 |
| 12F-2 | Equipment purchased with Vocational Rehabilitation grant funds was not managed in accordance with federal and state requirements. | Department of Education | Closed | 97 |
| **ENVIRONMENTAL QUALITY, DEPARTMENT OF** | | | | |
| 11F-2 | Funding designations are not clearly communicated to ensure that monitoring efforts and other compliance requirements are met. | Environmental Protection Agency | Closed | 97 |
| **FISH AND GAME, DEPARTMENT OF** | | | | |
| 12F-3 | Procedures intended to ensure compliance with the Equipment and Real Property Management requirements of the Bonneville Power Administration grant contain significant deficiencies in internal control allowing errors to go undetected and uncorrected. | Department of Energy | Closed | 97 |
| **HEALTH AND WELFARE, DEPARTMENT OF** | | | | |
| 10F-8 | Critical system reconciliations between the Idaho Child Support Enforcement System (ICSES) and the FISCAL accounting system have not been completed on a timely basis. | Department of Health & Human Services | Closed | 98 |
| 11F-5 | Required data mining tools and reports are not available in the new MMIS system. | Department of Health & Human Services | Closed | 98 |
| 11F-15 | Access Idaho invoices contain insufficient documentation to determine allowability to the Child Support Enforcement grant. | Department of Health & Human Services | Open | 99 |
| 11F-17 | System edit controls intended to ensure that only allowable costs are charged to the Social Services Block Grant (SSBG) were over-ridden without proper authority or monitoring. | Department of Health & Human Services | Open | 99 |
| 12F-4 | Federal expenditures not expected to exceed $100,000 are not monitored to ensure compliance with suspension and debarment requirements. | Department of Health & Human Services<br>Department of Agriculture | Closed | 99 |
| 12F-5 | Client eligibility errors may go undetected and uncorrected due to insufficient internal controls, resulting in improper payments. | Department of Health & Human Services | Open (Current Finding 2013-217) | 100 |

**STATE OF IDAHO**
**SINGLE AUDIT REPORT**
**SCHEDULE OF PRIOR FEDERAL FINDINGS AND QUESTIONED COSTS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| STATE AGENCY | | FEDERAL AGENCY | CURRENT STATUS | PAGE |
|---|---|---|---|---|
| 12F-6 | Reimbursements for cost incurred by a contractor as a result of operating the JOBS program were made without adequate supporting documentation. | Department of Health & Human Services | Closed (Current Finding 2013-210) | 100 |
| 12F-7 | Health and safety requirements are not monitored for In-Home Child Care providers or for providers licensed by states other than Idaho. | Department of Health & Human Services | Closed (Current Finding 2013-216) | 100 |
| 12F-8 | Child Care benefits paid to or on behalf of individuals were not calculated correctly. | Department of Health & Human Services | Closed | 101 |
| 12F-9 | Child care costs incurred prior to the period of availability were inappropriately charged to the Child Care grant. | Department of Health & Human Services | Open | 101 |
| 12F-10 | Internal controls designed to ensure compliance with federal earmarking requirements for the Social Services Block Grant (SSBG) are not adequately designed or monitored. | Department of Health & Human Services | Open | 101 |
| 12F-11 | Internal controls designed to prevent or detect and timely correct improper payments in the Social Services Block Grant (SSBG) did not always operate as designed. | Department of Health & Human Services | Closed | 102 |
| 12F-12 | Adjustment transactions posted to the Social Services Block Grant (SSBG) were inappropriately coded to the wrong grant year resulting in noncompliance with period of availability requirements. | Department of Health & Human Services | Closed | 102 |
| 12F-13 | Subawards made from the Social Services Block Grant totaling $55,996 were not reported as required under the Federal Funding Accountability and Transparency Act. | Department of Health & Human Services | Open | 102 |
| 12F-14 | Subawards made from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) grant totaling $8.3 million were not reported as required under the Federal Funding Accountability and Transparency Act. | Department of Agriculture | Open | 102 |
| 12F-15 | Procedures are not in place to negotiate and/or monitor indirect cost rate plans prepared by the various subrecipients of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) grant, and the amounts submitted on monthly invoices are not adequately reviewed prior to processing payments. | Department of Agriculture | Open | 103 |
| 12F-16 | Internal controls designed to monitor compliance with federal requirements related to the review of food instruments and cash-value vouchers in the WIC program were not operating as designed. | Department of Agriculture | Closed | 103 |

**STATE OF IDAHO**
**SINGLE AUDIT REPORT**
**SCHEDULE OF PRIOR FEDERAL FINDINGS AND QUESTIONED COSTS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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| 12F-17 | Supplemental Nutrition Program for Women, Infants, and Children (WIC) Infant Formula Rebate invoicing errors resulted in overbilling. | Department of Agriculture | Closed | 103 |
| **LABOR, DEPARTMENT OF** | | | | |
| 12F-18 | Federal Unemployment Insurance benefits expenditures were not reconciled to cash draw amounts. | Department of Labor | Closed (Current Finding 2013-219) | 104 |
| **VOCATIONAL REHABILITATION, DIVISION OF** | | | | |
| 12F-19 | A cash draw from the Vocational Rehabilitation Grants to States of $1.7 million was made for reimbursement of unsupported expenditures. | Department of Education | Closed | 104 |
| 12F-20 | Adequate documentation to support compliance with period of availability requirements for the Vocational Rehabilitation Grants to States was not available for the 2010 and 2011 award. | Department of Education | Closed | 105 |
| 12F-21 | Federal financial reports for the Vocational Rehabilitation Grants to States are not supported by the Division's accounting records. | Department of Education | Closed (Current Finding 2013-224) | 105 |
| 12F-22 | The indirect cost rate for the Vocational Rehabilitation Grants to States was incorrectly applied and controls were ineffective in detecting errors. | Department of Education | Closed (Current Finding 2013-225) | 105 |
| 12F-23 | Documentation of electronic signatures is not retained in an accessible format to provide evidence that eligibility for vocational rehabilitation services was properly determined. | Department of Education | Closed | 106 |
| 12F-24 | The maintenance of effort federal requirement was not met for the Vocational Rehabilitation Grants to States. | Department of Education | Closed (Current Finding 2013-226) | 106 |

## BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE

### FINDING 12F-1

Internal controls are inadequate to ensure compliance with federal requirements for the Rehabilitation Services - Vocational Rehabilitation Grants to States.

**Recommendation:** We recommended that the Commission strengthen internal controls over the process used to complete federal reports for the Vocational Rehabilitation grant to ensure compliance with federal requirements including Reporting and Maintenance of Effort.

**Audit Follow-up:** Internal control deficiencies remain that allowed for federal financial reports to include material errors.

**Current Status:** Closed and repeated with additional information as current year Finding 2013-201.

### FINDING 12F-2

Equipment purchased with Vocational Rehabilitation grant funds was not managed in accordance with federal and state requirements.

**Recommendation:** We recommended that the Commission strengthen internal controls to ensure that equipment management is completed in accordance with federal and state requirements.

**Audit Follow-up:** The Commission took steps to improve internal controls over equipment purchases. The Commission personnel were provided with training to properly manage equipment in accordance with federal and state requirements.

**Current Status:** Closed

## ENVIRONMENTAL QUALITY, DEPARTMENT OF

### FINDING 11F-2

Funding designations are not clearly communicated to ensure that monitoring efforts and other compliance requirements are met.

**Recommendation:** We recommended that the Department clearly communicate the designation of funding between program staff, fiscal staff, and subrecipients to ensure that monitoring efforts and financial reporting are accurate, complete, and consistent to ensure federal compliance.

**Audit Follow-up:** In fiscal year 2013, the Department implemented new processes for communicating funding designations to subrecipients of federal awards as well as to the Department Staff. We were able to verify the implementation of the communication processes.

**Current Status:** Closed

## FISH AND GAME, DEPARTMENT OF

### FINDING 12F-3

Procedures intended to ensure compliance with the Equipment and Real Property Management requirements of the Bonneville Power Administration grant contain significant deficiencies in internal control allowing errors to go undetected and uncorrected.

**Recommendation:** We recommended that the Department strengthen internal controls over capital asset management to ensure capital assets are accounted for properly and comply with State policies.

**Audit Follow-up:** The Department's review procedures now include an additional step to ensure the Program Cost Account (PCA) code and funding source have been included for all capital assets entered into the Fixed Asset System (FAS). The capital assets incorrectly omitted from FAS for the Fiscal Year 2012 Single Audit have been entered with all required information.

The Department has researched the capital assets entered into FAS in prior years and added the funding source and PCA code. In addition, the Department has increased its internally designated reporting threshold from $1,000 to $2,000 which is still in compliance with state policies and federal regulations, but will ease the administrative burden of tracking the assets. The Department will still track certain high risk items such as firearms and other equipment regardless of cost.

**Current Status:** Closed

## HEALTH AND WELFARE, DEPARTMENT OF

### PRIOR FINDING 10F-8

Critical system reconciliations between the Idaho Child Support Enforcement System (ICSES) and the FISCAL accounting system have not been completed on a timely basis.

**Recommendation:** We recommended that the Department reestablish the reconciliation between the ICSES and FISCAL systems to ensure that amounts are properly recorded and any errors are detected and corrected.

**Audit Follow-up:** The Department has implemented daily reconciliations between ICSES and FISCAL. Audit procedures performed during the 2013 Single Audit indicated that the reconciliations were being performed timely and that differences were properly investigated and resolved.

**Current Status:** Closed

### FINDING 11F-5

Required data mining tools and reports are not available in the new MMIS system.

**Recommendation:** We recommended that the Department provide required claims and provider information to the Medicaid Program Integrity Unit (MPIU) and Medicaid Fraud Control Unit (MFCU) to assist in completing the analysis of claims. We further recommended that the Department identify a specific timeline to have the reports available, or develop ad-hoc reporting capabilities for the MPIU and MFCU to meet these guidelines.

**Audit Follow-up:** The Department has completed a database rebuild which allows the MPIU and MFCU to access information and create ad-hoc reports to assist in completing the analysis of claims.

**Current Status:** Closed

**FINDING 11F-15**
Access Idaho invoices contain insufficient documentation to determine allowability to the Child Support Enforcement grant.

**Recommendation:** We recommended that the Department require detailed invoices from Access Idaho to ensure the accuracy and allowability of those charges.

**Audit Follow-up:** An Access Idaho account was previously created for the Division of Welfare, which provides additional detail and allows Department staff to review the accuracy of the invoices and the allowability of the items being charged; however, Department staff remains unfamiliar with the data and are unable to decipher correlations between the available data and the invoices. As of the date of this report, training has not been scheduled with Access Idaho.

**Current Status:** Open

**FINDING 11F-17**
System edit controls intended to ensure that only allowable costs are charged to the Social Services Block Grant (SSBG) were overridden without proper authority or monitoring.

**Recommendation:** We recommended that the Department improve procedures and internal controls over grant accounting to ensure that system edit checks are not overridden and provide adequate training to personnel.

**Audit Follow-up:** We were unable to verify that the Department improved internal control procedures to ensure that system edit checks are not overridden or that adequate training was provided to personnel. We affirm the original finding indicating control deficiencies existed which allowed the PCA table to be changed without appropriate monitoring. Further, the PCA table and mapping is an integral control to ensure costs are charged to the correct grant. Review, approval, and monitoring of changes to the PCA tables are critical steps to ensure the effectiveness of the control.

**Current Status:** Open

**FINDING 12F-4**
Federal expenditures not expected to exceed $100,000 are not monitored to ensure compliance with suspension and debarment requirements.

**Recommendation:** We recommended that the Department implement procedures to check suspension and debarment for covered transactions that are not expected to exceed $100,000 over the term of the contract. Additionally, we recommended that the Department implement procedures to monitor federal expenditures to identify contract expenditures subject to suspension and debarment requirements.

**Audit Follow-up:** The Department implemented procedures to identify contract expenditures subject to suspension and debarment requirements and to check suspension and debarment for covered transactions that are expected to exceed $25,000 over the term of the contract.

**Current Status:** Closed

**FINDING 12F-5**
Client eligibility errors may go undetected and uncorrected due to insufficient internal controls, resulting in improper payments.

**Recommendation:** We recommended that the Department implement procedures to ensure all Alert IDs are included in the investigation and resolution of errors identified by the interface between IBES and MMIS. We further recommended that the Department increase monitoring of internal controls to ensure they are operating effectively and that claims are only processed for eligible clients.

**Audit Follow-up:** Internal control deficiencies remain that allowed for claims to be paid for ineligible clients.

**Current Status:** Open and repeated with additional information as current year Finding 2013-217.

**FINDING 12F-6**
Reimbursements for cost incurred by a contractor as a result of operating the JOBS program were made without adequate supporting documentation.

**Recommendation:** We recommended that the Department strengthen monitoring of internal controls to ensure the controls are operating as designed and expenditures comply with federal program requirements.

**Audit Follow-up:** The Department implemented changes to voucher procedures used by contractors effective June 1, 2013. The changes adequately addressed the internal control deficiencies previously noted and, based upon results of test work, the controls are now operating as designed and expenditures comply with federal program requirements.

**Current Status:** Closed in the 90-day follow-up; however, audit procedures performed identified a recurrence of the issue. It is presented as current year Finding 2013-210.

**FINDING 12F-7**
Health and safety requirements are not monitored for In-Home Child Care providers or for providers licensed by states other than Idaho.

**Recommendation:** We recommended that the Department implement internal controls to ensure compliance with the Idaho State Plan. We further recommended that the Department contact the federal grantor to resolve the questioned costs.

**Audit Follow-up:** The Department successfully completed the collection of copies of health and safety inspections for out-of-state providers and has initiated a rule change that would exempt providers caring for children in the child's own home from Health and Safety inspection requirements in accordance with federal program guidelines. The rule change is expected to be presented for legislative approval in the 2014 legislative session; however was not in effect during the period covered by the 2013 Single Audit.

**Current Status:** Closed and repeated with additional information as current year Finding 2013-216.

**FINDING 12F-8**
Child Care benefits paid to or on behalf of individuals were not calculated correctly.

**Recommendation:** We recommended that the Department of Health and Welfare implement monitoring procedures over Child Care benefit payments to ensure amounts are properly calculated.

**Audit Follow-up:** The Department was able to provide documentation indicating that the payments in question were calculated correctly according to a proration policy that was in effect at the time the payments were made. The Department no longer prorates payments for the Child Care program and no similar instances were seen during 2013 Single Audit procedures.

**Current Status:** Closed

**FINDING 12F-9**
Child care costs incurred prior to the period of availability were inappropriately charged to the Child Care grant.

**Recommendation:** We recommended that the Department implement control procedures to ensure that grant costs are not incurred prior to the period of availability.

**Audit Follow-up:** The delay in processing the accounting structure change did not adequately resolve the issue. As described in current year Finding 2013-207, a computer services invoice that was allocated to several federal programs consisted of charges for services received in August, which is prior to the beginning of the Child Care grant period of availability in October. The total charge from this invoice was $2,975.

**Current Status:** Open

**FINDING 12F-10**
Internal controls designed to ensure compliance with federal earmarking requirements for the Social Services Block Grant (SSBG) are not adequately designed or monitored.

**Recommendation:** We recommended that the Department strengthen internal controls over earmarking to ensure that amounts transferred from TANF are used only for programs or services to children or their families whose income is less than 200% of the official poverty guidelines. We further recommended that the Department contact the federal grantor to resolve the questioned costs.

**Audit Follow-up:** The Department disagrees with this finding; however, during the 2013 Single Audit, documentation was provided that indicates amounts transferred from TANF were used for programs or services to children or their families whose income is less than 200% of the official poverty guidelines. This information remains unavailable for 2012. Additionally, the Department asserts to having implemented internal controls over the monitoring of expenditures to ensure the amounts transferred from TANF are being used for eligible families. Documentation of the monitoring and/or review processes was not provided; therefore, audit procedures to assess the effectiveness of the controls could not be performed.

**Current Status:** Open

**FINDING 12F-11**
Internal controls designed to prevent or detect and timely correct improper payments in the Social Services Block Grant (SSBG) did not always operate as designed.

**Recommendation:** We recommended that the Department strengthen monitoring of internal controls to ensure the controls are operating as designed and supporting documentation is maintained for all expenditures in order to comply with federal program requirements.

**Audit Follow-up:** The Department provided documentation to support one questioned transaction as well as documentation indicating that the other transaction was moved out of SSBG through an adjusting journal entry. Additionally, Department management reemphasized the need to maintain detailed supporting documents for expenditure transactions. Testwork performed during the 2013 Single Audit found no instances of insufficient supporting documentation for transactions.

**Current Status:** Closed

**FINDING 12F-12**
Adjustment transactions posted to the Social Services Block Grant (SSBG) were inappropriately coded to the wrong grant year resulting in noncompliance with period of availability requirements.

**Recommendation:** We recommended that the Department make the necessary adjustments to record the expenditures in the proper grant year. We further recommended the Department contact the federal grantor to resolve the questioned costs.

**Audit Follow-up:** The Department provided documentation indicating that the costs were adjusted to the appropriate grant year.

**Current Status:** Closed

**FINDING 12F-13**
Subawards made from the Social Services Block Grant totaling $55,996 were not reported as required under the Federal Funding Accountability and Transparency Act.

**Recommendation:** We recommended that the Department implement internal control procedures to identify and appropriately respond to specific risks of noncompliance with federal awards. We further recommended that the Department submit the appropriate reports required under the Transparency Act.

**Audit Follow-up:** The Department submitted the appropriate reports required under the Federal Funding Accountability and Transparency Act in response to this finding; however, internal control procedures to identify and appropriately respond to specific risks of noncompliance with federal awards have not been implemented. As a result, a new contract amendment was signed exceeding $25,000 and no transparency report was filed as required.

**Current Status:** Open

**FINDING 12F-14**
Subawards made from the Supplemental Nutrition Program for Women, Infants, and Children (WIC) grant totaling $8.3 million were not reported as required under the Federal Funding Accountability and Transparency Act.

**Recommendation:** We recommended that the Department implement internal control procedures to identify and appropriately respond to specific risks of noncompliance with federal awards. We further recommended that the Department submit the appropriate reports required under the Transparency Act.

**Audit Follow-up:** The Department submitted the appropriate reports required under the Federal Funding Accountability and Transparency Act in response to this finding; however, internal control procedures to identify and appropriately respond to specific risks of noncompliance with federal awards have not been implemented.

**Current Status:** Open

**FINDING 12F-15**
Procedures are not in place to negotiate and/or monitor indirect cost rate plans prepared by the various subrecipients of the Supplemental Nutrition Program for Women, Infants, and Children (WIC) grant, and the amounts submitted on monthly invoices are not adequately reviewed prior to processing payments.

**Recommendation:** We recommended that the Department implement internal control procedures to negotiate and monitor the indirect cost rate plans prepared by subrecipients. We further recommended training related to the proper application of the indirect cost rates be provided for staff assigned to review monthly invoices from subrecipients.

**Audit Follow-up:** The Department developed a Fiscal Monitoring Policy and Procedure guide to address subrecipient monitoring. The procedures contained within were implemented in early 2013. During completion of the 2013 Single Audit, it was determined that the internal controls were effective in monitoring the application of the indirect cost rate; however, there continues to be a lack of controls over the negotiation and/or monitoring of the indirect cost rate plans, which include how the rates are established.

**Current Status:** Open

**FINDING 12F-16**
Internal controls designed to monitor compliance with federal requirements related to the review of food instruments and cash-value vouchers in the Supplemental Nutrition Program for Women, Infants, and Children (WIC) program were not operating as designed.

**Recommendation:** We recommended that the Department perform monitoring procedures as outlined in the contract to ensure the contractor is completing required testing of food instruments and cash-value vouchers as required by OMB A-133.

**Audit Follow-up:** The Department has initiated monthly monitoring of random samples of all food instruments and cash-value vouchers submitted by vendors. Our review of the samples determined the procedures to adequately address the compliance requirement.

**Current Status:** Closed

**FINDING 12F-17**
Supplemental Nutrition Program for Women, Infants, and Children (WIC) Infant Formula Rebate invoicing errors resulted in overbilling.

**Recommendation:** We recommended that the Department of Health and Welfare (Department) issue a credit to the vendor equal to the outstanding amount of $12,125.69 from the prior audit as well as the $3,279.28 identified in the current audit. We further recommended that the Department strengthen monitoring to ensure the controls are operating as designed and costs comply with federal program requirements.

**Audit Follow-up:** The Department issued refunds to the vendor equal to the amounts previously identified as erroneous. In addition, the Department added functionality to their Management Information System (MIS) in November 2012 enabling invoices to be system-generated. The combination of the MIS update and improved monitoring of invoices adequately addressed the deficiencies previously noted. Controls are now operating as designed and costs comply with federal program requirements.

**Current Status:** Closed

## LABOR, DEPARTMENT OF

### FINDING 12F-18

Federal Unemployment Insurance benefits expenditures were not reconciled to cash draw amounts.

**Recommendation:** We recommended that the Department implement internal controls to ensure federal funding activities are reconciled and that amounts drawn for the UI Program are supported by amounts expended.

**Audit Follow-up:** During fiscal year 2013, the Department began reconciling the amounts expended for the Unemployment Insurance program to the amounts drawn from the federal government however there was no process in place to correctly adjust the cash draws for funds that were advanced. At the end of fiscal year 2013, the Department had inappropriately advanced $1,126,629 of Unemployment Insurance funds from the federal government.

**Current Status:** Closed and repeated with additional information as current year Finding 2013-219.

## VOCATIONAL REHABILITATION, DIVISION OF

### FINDING 12F-19

A cash draw from the Vocational Rehabilitation Grants to States of $1.7 million was made for reimbursement of unsupported expenditures.

**Recommendation:** We recommended that the Division follow the implemented internal controls for making cash draws. We further recommended that the Division develop procedures to provide adequate support for each cash reimbursement request.

**Audit Follow-up:** The Division implemented a system which allows for transactions to be separately identified to specific grant awards. In addition, the Division changed the cash draw process to include adequate support. During the completion of the 2013 Single Audit, we were able to determine that each cash draw included adequate supporting documentation.

**Current Status:** Closed

**FINDING 12F-20**
Adequate documentation to support compliance with period of availability requirements for the Vocational Rehabilitation Grants to States was not available for the 2010 and 2011 award.

**Recommendation:** We recommended that the Division ensure the accounting structure used allows for separate identification of activity for each grant award.

**Audit Follow-up:** Beginning with the 2012 Vocational Rehabilitation Grants to States award, separate grant codes were established by the Division to separately identify transactions related to a specific grant awards. During the completion of the 2013 Single Audit, we were able to verify that grant expenditures were adequately documented to determine compliance with period of availability requirements.

**Current Status:** Closed

**FINDING 12F-21**
Federal financial reports for the Vocational Rehabilitation Grants to States are not supported by the Division's accounting records.

**Recommendation:** We recommended that the Division develop a process to identify and use accurate and reliable financial records that are reconciled to the statewide accounting system when preparing federal reports. We further recommended that the Division implement adequate internal controls over the reporting process such as reviews by someone knowledgeable about the required reporting information and the underlying data to ensure the report is prepared in accordance with the instructions and requirements.

**Audit Follow-up:** Internal control deficiencies remain that allowed for federal financial reports to include material errors.

**Current Status:** Closed and repeated with additional information as current year Finding 2013-224.

**FINDING 12F-22**
The indirect cost rate for the Vocational Rehabilitation Grants to States was incorrectly applied and controls were ineffective in detecting errors.

**Recommendation:** We recommended that the Division provide staff with training to ensure adequate knowledge of the compliance requirements in OMB *Circular A-87*. We further recommended that the Division design adequate internal controls to review and approve the calculation of draw requests and ensure the proper indirect cost rate is correctly applied to the appropriate base prior to drawing amounts.

**Audit Follow-up:** For a majority of fiscal year 2013, the Division's application of the indirect cost rate lacked consistent and effective reviews that led to inaccurate calculations. However, by the end of the fiscal year, the Division made changes to the process of calculating indirect costs and adjusted cash draw amounts to correct the errors made through the year.

**Current Status:** Closed and repeated with additional information as current year Finding 2013-225.

**FINDING 12F-23**
Documentation of electronic signatures is not retained in an accessible format to provide evidence that eligibility for vocational rehabilitation services was properly determined.

**Recommendation:** We recommended that the Division ensure that adequate documentation is retained to identify the staff completing key approvals and eligibility determinations.

**Audit Follow-up:** The Division implemented procedures to retain electronic documentation of electronic signatures to provide evidence of eligibility determinations. In addition, the Division developed a report that will provide an audit trail for each change made to vocational rehabilitation services authorization forms. The report shows the staff member who made changes and date and time stamps.

**Current Status:** Closed

**FINDING 12F-24**
The maintenance of effort federal requirement was not met for the Vocational Rehabilitation Grants to States.

**Recommendation:** We recommended that the Division properly monitor maintenance of effort requirements to ensure compliance.

**Audit Follow-up:** During the completion of the 2013 Single Audit, we determined that the maintenance of effort requirement was not met by the Division individually or in conjunction with the Idaho Commission for the Blind and Visually Impaired.

**Current Status:** Closed and repeated with additional information as current year Finding 2013-226.

**STATE OF IDAHO**
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| **CONTROLLER, OFFICE OF THE STATE** | | | |
| 12S-1 | Guidance was incorrectly interpreted for recording unsettled trades payable resulting in a material misstatement. | Closed | 108 |
| 12S-2 | Agencies are using inappropriate signatures on time sheets and failing to maintain employee time records. | Closed | 108 |
| **LABOR, DEPARTMENT OF** | | | |
| 12S-3 | The Department of Labor accounts receivable closing package included inaccurate and unsupported amounts. | Closed | 108 |
| 12S-4 | The Department of Labor did not properly account for funds advanced from the federal Unemployment Insurance Program. | Closed | 109 |
| **TRANSPORTATION, DEPARTMENT OF** | | | |
| 12S-5 | Financial reporting processes contain significant deficiencies in internal control allowing several reporting errors to go undetected. | Closed | 109 |

## CONTROLLER, OFFICE OF THE STATE

### FINDING 12S-1

Guidance was incorrectly interpreted for recording unsettled trades payable resulting in a material misstatement.

**Recommendation:** We recommended the Office review and correctly implement accounting guidance with particular attention to higher risk areas, such as new or changing accounting standards or financial transactions.

**Audit Follow-up:** We reviewed progress made on the corrective action plan addressing this recommendation during completion of the fiscal year 2013 statewide financial audit. The Office has adequately implemented the corrective action plan and we consider this finding closed.

**Current Status:** Closed

### FINDING 12S-2

Agencies are using inappropriate signatures on time sheets and failing to maintain employee time records.

**Recommendation:** We recommended that the Office remind agencies when each electronic signature should be used and implement procedures or controls to ensure the proper use of the electronic signatures.

**Audit Follow-up:** We reviewed progress made on the corrective action plan addressing this recommendation during completion of the fiscal year 2013 statewide financial audit. The Office has adequately implemented the corrective action plan and we consider this finding closed.

**Current Status:** Closed

## LABOR, DEPARTMENT OF

### FINDING 12S-3

The Department of Labor accounts receivable closing package included inaccurate and unsupported amounts.

**Recommendation:** We recommended that the Department strengthen internal controls to ensure accounts receivable amounts reported in the closing package are accurate and properly supported by accounting records.

**Audit Follow-up:** We reviewed progress made on the corrective action plan addressing this recommendation during completion of the fiscal year 2013 statewide financial audit. The Office has adequately implemented the corrective action plan and we consider this finding closed.

**Current Status:** Closed

**FINDING 12S-4**

The Department of Labor did not properly account for funds advanced from the federal Unemployment Insurance Program.

**Recommendation:** We recommended that the Department implement internal controls to ensure federal funding activities are reconciled and that amounts drawn for the UI Program correspond to the amounts expended. We also recommended that the Department submit proper closing package information to the Office of the State Controller.

**Audit Follow-up:** We reviewed progress made on the corrective action plan addressing this recommendation during completion of the fiscal year 2013 statewide financial audit. The Office has adequately implemented the corrective action plan and we consider this finding closed.

**Current Status:** Closed

**TRANSPORTATION, DEPARTMENT OF**

**FINDING 12S-5**

Financial reporting processes contain significant deficiencies in internal control allowing several reporting errors to go undetected.

**Recommendation:** We recommended the Department improve the design and effectiveness of internal controls over the completion of closing packages. We further recommended the Department strengthen the review process to ensure accurate reliable financial information is provided to the Office of the State Controller.

**Audit Follow-up:** We reviewed progress made on the corrective action plan addressing this recommendation during completion of the fiscal year 2013 statewide financial audit. The Office has adequately implemented the corrective action plan and we consider this finding closed.

**Current Status:** Closed