Single
Audit Report

For the Fiscal Year Ended June 30, 2014

State of Idaho

Legislative Services Office – Audits Division



Legislative Services Office
Idaho State Legislature

Eric Milstead
Director

Serving Idaho's Citizen Legislature

March 31, 2015

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, 2014. This report complies with the audit requirements placed on the State of Idaho as a condition for receiving $2,796,317,945 in federal assistance (colleges and universities, Idaho Housing and Finance Association, Idaho Health Insurance Exchange 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 2014 totaled $2,455,078 known, and $964,754 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 "Basic Financial Statements Findings and Responses."

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

April Renfro, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Statehouse, P.O. Box 83720
Boise, Idaho 83720-0054

Tel: 208-334-2475
www.legislature.idaho.gov

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, as well as current and prior basic financial statements findings).

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, 2014

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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

Eric Milstead
Director

December 23, 2014

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, 2014, 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, 2014. 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, nor the Idaho Potato Commission, 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 Health Insurance Exchange, State of Idaho Idle Pool, Local Government Investment Pool, Diversified Bond Fund, Idaho Building Authority, 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, 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.

Mike Nugent, Manager
Research & Legislation

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Information Technology

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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: 2014-104 and 2014-105.

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: 2014-101, 2014-102, 2014-103, and 2014-106.

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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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 them.

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

Eric Milstead
Director

March 31, 2015
December 23, 2014

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, 2014. 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, Idaho Health Insurance Exchange, and Idaho Individual High Risk Reinsurance Pool, which received a combined $1,104,679,963 in federal awards, which is not included in the Schedule of Expenditures of Federal Awards during the year ended June 30, 2014. 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, Idaho Health Insurance Exchange, 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.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

April Renfro, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

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Boise, Idaho 83720-0054

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www.legislature.idaho.gov

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 and Low-Income Home Energy Assistance Program

As described in Findings 2014-202 and 2014-216 in the accompanying Schedule of Federal Findings and Questioned Costs, the State of Idaho did not comply with requirements regarding the following:

Finding Number	CFDA Number	Program Name Cluster	Compliance Requirement
2014-202	84.126	Rehabilitation Services – Vocational Rehabilitation Services Grants to States	Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Reporting
2014-216	93.568	Low-Income Home Energy Assistance Program	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 and Low-Income Home Energy Assistance Program

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, and Low-Income Home Energy Assistance Program for the year ended June 30, 2014.

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 Federal Findings and Questioned Costs for the year ended June 30, 2014.

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 Federal Findings and Questioned Costs as items 2014-201, 2014-204, 2014-205, 2014-206, 2014-208, 2014-209, 2014-210, 2014-211, 2014-212, 2014-213, 2014-214, 2014-215, 2014-217, 2014-218, 2014-219, 2014-220, 2014-222, 2014-223, 2014-225, 2014-226, and 2014-227. Our opinion on each major federal program is not modified with respect to these matters.

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

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 Federal Findings and Questioned Costs as items 2014-202, 2014-203, and 2014-216 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 Federal Findings and Questioned Costs as items 2014-201, 2014-204, 2014-205, 2014-206, 2014-207, 2014-208, 2014-209, 2014-210, 2014-211, 2014-212, 2014-213, 2014-214, 2014-215, 2014-217, 2014-218, 2014-219, 2014-220, 2014-221, 2014-222, 2014-223, 2014-224, 2014-225, 2014-226, and 2014-227 to be significant deficiencies.

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

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, 2014, 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, 2014, 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, CPA, Manager
Legislative Audits Division

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
	DEPARTMENT OF AGRICULTURE			
	SNAP CLUSTER:			
10.551	Supplemental Nutrition Assistance Program (SNAP)	Health and Welfare, Department of	$309,657,830	NC
10.561	State Administrative Matching Grants - Supplemental Nutrition Assist. Program	Health and Welfare, Department of	9,719,258	
	TOTAL SNAP CLUSTER		$319,377,088	
	CHILD NUTRITION CLUSTER:			
10.553	School Breakfast Program	Superintendent of Public Instruction	$15,998,648	
10.555	National School Lunch Program	Superintendent of Public Instruction	6,632,890	NC
10.555	National School Lunch Program	Superintendent of Public Instruction	47,467,520	
10.556	Special Milk Program for Children	Superintendent of Public Instruction	156,702	
10.559	Summer Food Service Program for Children	Superintendent of Public Instruction	4,378,054	
	TOTAL CHILD NUTRITION CLUSTER		$74,633,814	
	FOOD DISTRIBUTION CLUSTER:			
10.568	Emergency Food Assistance Program (Administrative Costs)	Health and Welfare, Department of	$224,080	
10.569	Emergency Food Assistance Program (Food Commodities)	Health and Welfare, Department of	2,464,587	NC
	TOTAL FOOD DISTRIBUTION CLUSTER		$2,688,667	
	NON-CLUSTERED PROGRAMS:			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, Department of	$918,136	
10.064	Forestry Incentives Program	Lands, Department of	19,483	
10.093	Miscellaneous Commodity Credit Corporation	Fish and Game, Department of	226,011	
10.162	Inspection Grading and Standardization	Agriculture, Department of	57,692	
10.163	Market Protection and Promotion	Agriculture, Department of	31,027	
10.170	Specialty Crop Block Grant Program - Farm Bill Research and Development Cluster; Agricultural Marketing Service	Agriculture, Department of	771,387	R&D
10.557	Supplemental Nutrition for Women, Infants, and Children (WIC)	Health and Welfare, Department of	27,663,903	
10.558	Child and Adult Care Food Program	Superintendent of Public Instruction	7,109,455	
10.560	State Administrative Expenses for Child Nutrition	Superintendent of Public Instruction	1,218,288	
10.574	Team Nutrition Grants	Superintendent of Public Instruction	238,248	
10.579	Child Nutrition Discretionary Grants Limited Availability	Superintendent of Public Instruction	146,886	
10.582	Fresh Fruit and Vegetable Program	Superintendent of Public Instruction	1,771,459	
10.604	Technical Assistance for Specialty Crops	Agriculture, Department of	110,731	
10.664	Cooperative Forestry Assistance	Lands, Department of	2,448,637	
10.676	Forest Legacy Program	Lands, Department of	58,144	
10.680	Forest Health Protection	Agriculture, Department of	369,497	
10.680	Forest Health Protection	Lands, Department of	58,783	
10.688	ARRA - Wildland Fire Management	Agriculture, Department of	522,251	
10.861	Public Television Station Digital Transition Grant Program	Public Television, Idaho	49,935	
10.912	Environmental Quality Incentives Program	Transportation Department, Idaho	5,659	
10.950	Agricultural Statistics Reports	Agriculture, Department of	9,589	
10.999	Forest Service Aquatic Invasive Species Monitoring	Agriculture, Department of	38,565	
10.999	Miscellaneous Forest Service Grants	Fish and Game, Department of	267,664	
10.999	Miscellaneous Natural Resources Conservation Service Grants	Fish and Game, Department of	65,890	
10.999	Idaho Rec. & Tourism Initiative (IRTI) Outfitters/Guide GIS Interface Devel.	Outfitters & Guides	11,881	
10.999	US Forest Services Roadless Cost Share	Species Conservation, Office of	9,834	
	Pass-Through From Non-State Entities:			
10.912	Environmental Quality Incentives Program Willamette Partnership; Grantor No. MOA 6621	Environmental Quality, Department of	19,569	PT
10.999	Idaho Statewide Wood Energy Team USDA Forest Service-Northern Region; Grantor No. 13-CA-11010000-022	Energy Resources, Office of	12,663	PT
	TOTAL NON-CLUSTERED PROGRAMS		$44,231,267	
	TOTAL DEPARTMENT OF AGRICULTURE		$440,930,836	
	DEPARTMENT OF COMMERCE			
11.407	Interjurisdictional Fisheries Act of 1986	Fish and Game, Department of	$121	
11.436	Columbia River Fisheries Development Program	Fish and Game, Department of	1,176,254	
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Fish and Game, Department of	277,121	
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Species Conservation, Office of	2,874,123	
11.441	Regional Fishery Management Councils	Fish and Game, Department of	38,423	
11.549	State and Local Implementation Grant Program	Military, Division of	87,736	
11.999	Miscellaneous NOAA Grants	Fish and Game, Department of	1,009,014	

*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, 2014

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
	Pass-Through From Non-State Entities:			
11.553	Warning, Alert, and Response Network (WARN) Act Public Broadcasting Service; Grantor No. 51-51-W10606 38	Public Television, Idaho	$64,495	PT
	TOTAL DEPARTMENT OF COMMERCE		$5,527,287	
	DEPARTMENT OF DEFENSE			
12.002	Procurement Technical Assistance for Business Firms	Commerce, Department of	$130,930	
12.113	Agreement Program for the Reimbursement of Technical Services	Environmental Quality, Department of	151,637	
12.401	National Guard Military Operations and Maintenance Projects	Military, Division of	32,927,324	
12.401	National Guard Military Operations and Maintenance Projects	Military, Division of	796,327	NC
12.404	National Guard ChalleNGe Program	Military, Division of	2,682,161	
12.900	Language Grant Program	Superintendent of Public Instruction	99,832	
	TOTAL DEPARTMENT OF DEFENSE		$36,788,211	
	HOUSING AND URBAN DEVELOPMENT			
	CDBG - STATE-ADMINISTERED CDBG CLUSTER:			
14.228	Community Development Block Grants/State's Program	Commerce, Department of	$6,417,967	
	TOTAL CDBG - STATE-ADMINISTERED CDBG CLUSTER		$6,417,967	
	NON-CLUSTERED PROGRAMS:			
14.171	Manufactured Home Dispute Resolution	Building Safety, Division of	$25,650	
	TOTAL NON-CLUSTERED PROGRAMS:		$25,650	
	TOTAL HOUSING AND URBAN DEVELOPMENT		$6,443,617	
	DEPARTMENT OF THE INTERIOR			
	FISH AND WILDLIFE CLUSTER:			
15.605	Sport Fish Restoration	Fish and Game, Department of	$6,212,934	
15.611	Wildlife Restoration and Basic Hunter Education	Fish and Game, Department of	7,506,136	
	TOTAL FISH AND WILDLIFE CLUSTER		$13,719,070	
	NON-CLUSTERED PROGRAMS:			
15.224	Cultural Resource Management	Historical Society, Idaho State	$32,056	
15.225	Recreation Resource Management	Fish and Game, Department of	2,000	
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	Transportation, Department of	207,596	
15.230	Invasive and Noxious Plant Management	Fish and Game, Department of	124,011	
15.231	Fish, Wildlife and Plant Conservation Resource Management	Agriculture, Department of	51,751	
15.231	Fish, Wildlife and Plant Conservation Resource Management	Fish and Game, Department of	218,610	
15.231	Fish, Wildlife and Plant Conservation Resource Management	Species Conservation, Office of	8,059	
15.236	Environmental Quality and Protection Resource Management	Environmental Quality, Department of	70,599	
15.238	Challenge Cost Share	Fish and Game, Department of	88,085	
15.238	Challenge Cost Share	Historical Society, Idaho State	519	
15.507	WaterSMART (Sustaining & Manage America's Resources for Tomorrow)	Water Resources, Department of	8,650	
15.517	Fish & Wildlife Coordination Act	Fish and Game, Department of	417,657	
15.524	Recreation Resources Management	Parks and Recreation, Department of	387,839	
15.608	Fish and Wildlife Management Assistance	Species Conservation, Office of	59,260	
15.615	Cooperative Endangered Species Conservation Fund	Fish and Game, Department of	327,129	
15.622	Sportfishing and Boating Safety Act	Parks and Recreation, Department of	7,795	
15.623	North American Wetlands Conservation Fund	Fish and Game, Department of	1,466	
15.631	Partners for Fish & Wildlife	Fish and Game, Department of	25,008	
15.634	State Wildlife Grants	Fish and Game, Department of	1,355,192	
15.649	Service Training and Technical Assistance	Fish and Game, Department of	5,646,644	
15.650	Research Grants (Generic)	Fish and Game, Department of	102,065	
15.657	Endangered Species Conservation - Recovery Implementation Funds	Fish and Game, Department of	134,574	
15.657	Endangered Species Conservation - Recovery Implementation Funds	Species Conservation, Office of	2,650,869	
15.660	Endangered Species - Candidate Conservation Action Funds	Fish and Game, Department of	18,334	
15.808	U.S. Geological Survey - Research and Data Collection Research and Development Cluster; U.S. Geological Survey	Water Resources, Department of	68,485	R&D
15.904	Historic Preservation Fund Grants-in-Aid	Historical Society, Idaho State	477,743	
15.916	Outdoor Recreation - Acquisition, Development, and Planning	Parks and Recreation, Department of	399,573	
15.926	American Battlefield Protection	Historical Society, Idaho State	1,305	
	TOTAL NON-CLUSTERED PROGRAMS		$12,892,874	
	TOTAL DEPARTMENT OF THE INTERIOR		$26,611,944	
	DEPARTMENT OF JUSTICE			
	JAG PROGRAM CLUSTER:			
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Police, Idaho State	$1,190,166	
	TOTAL JAG PROGRAM CLUSTER		$1,190,166	

*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, 2014

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
	NON-CLUSTERED PROGRAMS:			
16.013	Violence Against Women Act Court Training and Improvement Grants	Judicial Department	$182,561	
16.017	Sexual Assault Services	Police, Idaho State	288,390	
16.523	Juvenile Accountability Block Grants	Juvenile Corrections, Department of	325,509	
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	Juvenile Corrections, Department of	432,438	
16.543	Missing Children's Assistance	Attorney General, Office of	232,824	
16.548	Title V - Delinquency Prevention Program	Juvenile Corrections, Department of	65,735	
16.550	State Justice Statistics Program for Statistical Analysis Centers	Police, Idaho State	57,096	
16.575	Crime Victim Assistance	Health and Welfare, Department of	2,338,664	
16.576	Crime Victim Compensation	Industrial Commission	800,000	
16.580	Edward Byrne Memorial Law Enforcement Assistance Discretionary Grants	Correction, Department of	114,394	
16.585	Drug Court Discretionary Grant Program	Judicial Department	89,243	
16.588	Violence Against Women Formula Grants	Police, Idaho State	1,030,818	
16.593	Residential Substance Abuse Treatment for State Prisoners	Police, Idaho State	114,724	
16.606	State Criminal Alien Assistance Program	Correction, Department of	165,494	
16.609	Project Safe Neighborhoods	Police, Idaho State	54,241	
16.727	Enforcing Underage Drinking Laws Program	Juvenile Corrections, Department of	259,904	
16.741	DNA Backlog Reduction Program	Police, Idaho State	190,167	
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Police, Idaho State	244,633	
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	Judicial Department	160,607	
16.753	Congressionally Recommended Awards	Police, Idaho State	45,912	
16.754	Harold Rogers Prescription Drug Monitoring Program	Pharmacy, Board of	142,423	
16.812	Second Chance Act Reentry Initiative Research and Development Cluster; Bureau of Justice Assistance	Juvenile Corrections, Department of	5,923	R&D
16.813	National Criminal History Improvement Program	Police, Idaho State	109,788	
16.922	Equitable Sharing for Law Enforcement Agencies	Police, Idaho State	77,648	
16.999	Organized Crime and Drug Task Force	Police, Idaho State	2,991	
16.999	Miscellaneous Department of Justice Grants	Judicial Department	14,246	
	TOTAL NON-CLUSTERED PROGRAMS		$7,546,373	
	TOTAL DEPARTMENT OF JUSTICE		$8,736,539	
	DEPARTMENT OF LABOR			
	EMPLOYMENT SERVICE CLUSTER:			
17.207	Employment Service/Wagner-Peyser Funded Activities	Labor, Department of	$6,614,412	
17.801	Disabled Veterans' Outreach Program	Labor, Department of	691,284	
17.804	Local Veterans' Employment Representative Program	Labor, Department of	129,973	
	TOTAL EMPLOYMENT SERVICE CLUSTER		$7,435,669	
	WIA CLUSTER:			
17.258	WIA Adult Program	Labor, Department of	$3,300,645	
17.259	WIA Youth Activities	Labor, Department of	3,655,785	
17.278	WIA Dislocated Workers	Labor, Department of	3,836,306	
	TOTAL WIA CLUSTER		$10,792,736	
	NON-CLUSTERED PROGRAMS:			
17.002	Labor Force Statistics Research and Development Cluster; Bureau of Labor Statistics	Labor, Department of	$621,714	R&D
17.005	Compensation and Working Conditions	Labor, Department of	5,816	
17.225	Unemployment Insurance	Labor, Department of	165,968,185	
17.235	Senior Community Service Employment Program	Labor, Department of	463,391	
17.245	Trade Adjustment Assistance	Labor, Department of	1,033,045	
17.261	WIA Pilots, Demonstrations, and Research Projects Research and Development Cluster; Employment Training Administration	Labor, Department of	347,584	R&D
17.267	Incentive Grants - WIA Section 503	Labor, Department of	140,682	
17.271	Work Opportunity Tax Credit (WOTC) Program	Labor, Department of	37,632	
17.273	Temporary Labor Certification for Foreign Workers	Labor, Department of	192,883	
17.275	ARRA - Worker Training & Placement in High Growth & Emerging Industry	Labor, Department of	$104,746	
17.277	WIA National Emergency Grants	Labor, Department of	1,012,318	
17.802	Veterans' Employment Program	Labor, Department of	524,341	
	TOTAL NON-CLUSTERED PROGRAMS		$170,452,337	
	TOTAL DEPARTMENT OF LABOR		$188,680,742	
	DEPARTMENT OF TRANSPORTATION			
	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:			
20.205	ARRA - Highway Planning and Construction	Transportation Department, Idaho	$2,581,705	
20.205	Highway Planning and Construction	Transportation Department, Idaho	280,682,202	
20.219	Recreational Trails Program	Parks and Recreation, Department of	1,286,099	
	TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER		$284,550,006	

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FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
	FEDERAL TRANSIT CLUSTER:			
20.500	Federal Transit - Capital Investment Grants	Transportation Department, Idaho	$417,922	
	TOTAL FEDERAL TRANSIT CLUSTER		$417,922	
	TRANSIT SERVICES PROGRAMS CLUSTER:			
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Transportation Department, Idaho	$583,565	
20.516	Job Access - Reverse Commute	Transportation Department, Idaho	869,538	
20.521	New Freedom Program	Transportation Department, Idaho	385,405	
	TOTAL TRANSIT SERVICES PROGRAMS CLUSTER		$1,838,508	
	HIGHWAY SAFETY CLUSTER:			
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	Transportation Department, Idaho	$818,132	
20.610	State Traffic Safety Information System Improvement Grants	Transportation Department, Idaho	131,885	
20.612	Incentive Grant Program to Increase Motorcyclist Safety	Transportation Department, Idaho	100,580	
	TOTAL HIGHWAY SAFETY CLUSTER		$1,050,597	
	NON-CLUSTERED PROGRAMS:			
20.106	Airport Improvement Program	Transportation Department, Idaho	$87,594	
20.205	Highway Planning and Construction Research and Development Cluster; Federal Highway Administration	Transportation Department, Idaho	6,677,315	R&D
20.218	National Motor Carrier Safety	Police, Idaho State	1,564,622	
20.232	Commercial Driver's License Program Improvement Grant	Transportation Department, Idaho	322,325	
20.233	Border Enforcement Grants	Police, Idaho State	80,959	
20.237	Commercial Vehicle Information Systems and Networks	Transportation Department, Idaho	929,340	
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service	Transportation Department, Idaho	13,804	
20.505	Metro. Transp. Planning/State Non-Metropolitan Planning & Research	Transportation Department, Idaho	110,903	
20.509	ARRA - Formula Grants for Rural Areas	Transportation Department, Idaho	148,945	
20.509	Formula Grants for Rural Areas	Transportation Department, Idaho	5,945,712	
20.514	Public Transportation Research	Transportation Department, Idaho	35,625	
20.600	State and Community Highway Safety	Transportation Department, Idaho	1,641,953	
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Transportation Department, Idaho	95,243	
20.616	National Priority Safety Programs	Transportation Department, Idaho	738,261	
20.700	Pipeline Safety	Public Utilities Commission	78,500	
20.703	Interagency Hazardous Materials Public Sector Training & Planning Grants	Military, Division of	138,306	
	TOTAL NON-CLUSTERED PROGRAMS		$18,609,407	
	DEPARTMENT OF TRANSPORTATION		$306,466,440	
	GENERAL SERVICES ADMINISTRATION			
39.003	Donation of Federal Surplus Personal Property	Administration, Department of	$1,272,560	NC
39.011	Election Reform	Secretary of State	1,306,411	
	TOTAL GENERAL SERVICES ADMINISTRATION		$2,578,971	
	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
43.001	Science	Parks and Recreation, Department of	$4,927	
43.AAA	Aerospace Education Services Program	Superintendent of Public Instruction	179,020	
	TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		$183,947	
	NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES			
45.024	Promotion of the Arts - Grants to Organizations and Individuals	Superintendent of Public Instruction	$20,418	
45.025	Promotion of the Arts - Partnership Agreements	Arts, Commission on the	441,443	
45.310	Grants to States	Libraries, Idaho Commission for	1,343,114	
45.312	National Leadership Grants	Libraries, Idaho Commission for	87,826	
45.149	Promotion of the Humanities - Division of Preservation and Access	Historical Society, Idaho State	18,718	
	Pass-Through From Non-State Entities:			
45.129	Promotion of the Humanities - Federal/State Partnership Idaho Humanities Council; Grantor No. IHC2011401	Historical Society, Idaho State	1,200	PT
45.129	Promotion of the Humanities - Federal/State Partnership Idaho Humanities Council; Grantor No. H13001, H14001	Libraries, Idaho Commission for	12,854	PT
	TOTAL NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES		$1,925,573	
	SMALL BUSINESS ADMINISTRATION			
59.061	State Trade and Export Promotion Pilot Grant Program	Commerce, Department of	$208,142	
	TOTAL SMALL BUSINESS ADMINISTRATION		$208,142	
	DEPARTMENT OF VETERANS AFFAIRS			
64.014	Veterans State Domiciliary Care	Veterans Services, Division of	$419,653	
64.015	Veterans State Nursing Home Care	Veterans Services, Division of	11,251,414	
64.101	Burial Expenses Allowances for Veterans	Veterans Services, Division of	338,412	
64.203	State Cemetery Grants	Veterans Services, Division of	1,153,563	
	TOTAL DEPARTMENT OF VETERANS AFFAIRS		$13,163,042	

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CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
	ENVIRONMENTAL PROTECTION AGENCY			
	CLEAN WATER STATE REVOLVING FUND CLUSTER:			
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	6,494,140	
	TOTAL CLEAN WATER STATE REVOLVING FUND CLUSTER		$7,061,117	
	DRINKING WATER STATE REVOLVING FUND CLUSTER:			
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Environmental Quality, Department of	$10,939,502	
	DRINKING WATER STATE REVOLVING FUND CLUSTER:		$10,939,502	
	NON-CLUSTERED PROGRAMS:			
66.001	Air Pollution Control Program Support	Environmental Quality, Department of	$1,965,648	
66.032	State Indoor Radon Grants	Health and Welfare, Department of	53,133	
66.034	Surveys, Studies, Res., Invest. Demos & Spec. Purpose Act. - Clean Air Act	Environmental Quality, Department of	392,872	
66.034	Surveys, Studies, Res., Invest. Demos & Spec. Purpose Act. - Clean Air Act	Environmental Quality, Department of	73,339	NC
66.034	Surveys, Studies, Res., Invest. Demos & Spec. Purpose Act. - Clean Air Act	Health and Welfare, Department of	1,723	
66.039	National Clean Diesel Emissions Reduction Program	Environmental Quality, Department of	76,802	
66.040	State Clean Diesel Grant Program	Environmental Quality, Department of	103,009	
66.202	Congressionally Mandated Projects	Environmental Quality, Department of	71,550	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Quality, Department of	2,140,738	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Quality, Department of	8,000	NC
66.432	State Public Water System Supervision	Environmental Quality, Department of	1,292,597	
66.433	State Underground Water Source Protection	Water Resources, Department of	57,602	
66.454	Water Quality Management Planning	Environmental Quality, Department of	103,191	
66.460	Nonpoint Source Implementation Grants	Environmental Quality, Department of	2,006,026	
66.461	Regional Wetland Program Development Grants	Environmental Quality, Department of	296	
66.461	Regional Wetland Program Development Grants	Fish and Game, Department of	48,683	
66.608	Environmental Information Exchange Network Grant Program	Environmental Quality, Department of	141,454	
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Agriculture, Department of	398,104	
66.708	Pollution Prevention Grants Program	Environmental Quality, Department of	92,878	
66.801	Hazardous Waste Management State Program Support	Environmental Quality, Department of	448,374	
66.802	ARRA - Superfund St., Pol. Sub./Indian Tribe Site - Specific Coop. Agmts.	Environmental Quality, Department of	14,826	
66.802	Superfund St., Pol. Sub./Indian Tribe Site - Specific Coop. Agmts.	Environmental Quality, Department of	14,109,924	
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Quality, Department of	$371,215	
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Quality, Department of	579,692	
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality, Department of	175,215	
66.817	State and Tribal Response Program Grants	Environmental Quality, Department of	642,093	
	Pass-Through From Non-State Entities:			
66.606	Surveys, Studies, Investigations and Special Purpose Grants Kootenai Tribe of Idaho; Grantor No. MOA X-97004101-0	Environmental Quality, Department of	(2,064)	PT
	TOTAL NON-CLUSTERED PROGRAMS		$25,366,920	
	TOTAL ENVIRONMENTAL PROTECTION AGENCY		$43,367,539	
	DEPARTMENT OF ENERGY			
81.041	ARRA - State Energy Program	Energy Resources, Office of	$155,005	
81.041	State Energy Program	Energy Resources, Office of	422,695	
81.042	Weatherization Assistance for Low-Income Persons	Health and Welfare, Department of	1,525,199	
81.119	State Energy Program Special Projects	Energy Resources, Office of	70,548	
81.122	ARRA - Electricity Delivery & Energy Reliability, Res., Devel. & Analysis	Public Utilties Commission	241,200	
81.128	ARRA - Energy Efficiency and Conservation Community Block Grant	Energy Resources, Office of	2,060	
81.502	Idaho National Laboratory Oversight	Environmental Quality, Department of	2,565,925	
81.999	Miscellaneous Bonneville Power Administration Grants	Fish and Game, Department of	15,289,253	
81.999	Weatherization Conference	Health and Welfare, Department of	641,704	
81.999	Idaho OSC Accord Planning and Development	Species Conservation, Office of	353,773	
81.999	Upper Salmon Basin Habitat Restoration	Species Conservation, Office of	663,798	
81.999	Exp-Lemhi River Restoration Planning	Species Conservation, Office of	140,913	
81.999	Clearwater Focus Program	Species Conservation, Office of	90,133	
81.999	Exp-Pahsimeroi River Habitat	Species Conservation, Office of	100,324	
81.999	Yankee Fork Side Channel Restoration	Species Conservation, Office of	68,287	
81.999	Lower Clearwater Potlatch Watershed	Species Conservation, Office of	210,968	
81.999	Tributary Water Conservation	Water Resources, Department of	270,576	
	Pass-Through From Non-State Entities:			
81.087	Renewable Energy Research and Development Washington State University; Grantor No. G002726 Research and Development Cluster; Department of Energy	Energy Resources, Office of	9,021	PT, R&D
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant Western Governors Association; Grantor No. MOA 30-316-04A	Environmental Quality, Department of	225,339	PT
81.999	Building a Roadmap Foundation Bonneville Power Administration; Grantor No. SUBGRT-62791	Energy Resources, Office of	59,071	PT
	TOTAL DEPARTMENT OF ENERGY		$23,105,792	

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CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
	DEPARTMENT OF EDUCATION			
	SPECIAL EDUCATION CLUSTER (IDEA):			
84.027	Special Education - Grants to States	Superintendent of Public Instruction	$51,939,721	
84.173	Special Education - Preschool Grants	Superintendent of Public Instruction	1,999,207	
	TOTAL SPECIAL EDUCATION CLUSTER (IDEA)		$53,938,928	
	SCHOOL IMPROVEMENT GRANTS CLUSTER:			
84.377	School Improvement Grants	Superintendent of Public Instruction	$265,418	
84.388	ARRA - School Improvement Grants	Superintendent of Public Instruction	2,904,145	
	TOTAL SCHOOL IMPROVEMENT GRANTS CLUSTER		$3,169,563	
	STATEWIDE DATA SYSTEMS CLUSTER:			
84.372	Statewide Longitudinal Data Systems	Education, State Board of	$624,601	
	TOTAL STATEWIDE DATA SYSTEMS CLUSTER		$624,601	
	NON-CLUSTERED PROGRAMS:			
84.002	Adult Education - Basic Grants to States	Professional-Technical Education, Division of	$2,743,797	
84.010	Title I Grants to Local Educational Agencies	Superintendent of Public Instruction	57,662,199	
84.011	Migrant Education - State Grant Program	Superintendent of Public Instruction	3,866,134	
84.013	Title I State Agency Program for Neglected & Delinquent Children & Youth	Superintendent of Public Instruction	448,910	
84.048	Career and Technical Education - Basic Grants to States	Professional-Technical Education, Division of	6,657,871	
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Blind and Visually Impaired, Commission for the	2,685,370	
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Vocational Rehabilitation, Division of	13,432,742	
84.144	Migrant Education - Coordination Program	Superintendent of Public Instruction	115,353	
84.169	Independent Living - State Grants	Blind and Visually Impaired, Commission for the	137,408	
84.169	Independent Living - State Grants	Vocational Rehabilitation, Division of	129,154	
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	2,022,291	
84.187	Supported Employment Services for Individuals w/Significant Disabilities	Blind and Visually Impaired, Commission for the	2,343	
84.187	Supported Employment Services for Individuals w/Significant Disabilities	Vocational Rehabilitation, Division of	213,717	
84.196	Education for Homeless Children and Youth	Superintendent of Public Instruction	248,188	
84.265	State Vocational Rehabilitation Unit In-Service Training	Blind and Visually Impaired, Commission for the	19,765	
84.265	State Vocational Rehabilitation Unit In-Service Training	Vocational Rehabilitation, Division of	29,830	
84.287	Twenty-First Century Community Learning Centers	Superintendent of Public Instruction	6,025,940	
84.318	Education Technology State Grants	Superintendent of Public Instruction	81,211	
84.323	Special Education - State Personnel Development	Superintendent of Public Instruction	963,396	
84.330	Advanced Placement Program	Superintendent of Public Instruction	72,270	
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Superintendent of Public Instruction	1,663,452	
84.358	Rural Education	Juvenile Corrections, Department of	5,980	
84.358	Rural Education	Superintendent of Public Instruction	682,095	
84.365	English Language Acquisition State Grants	Superintendent of Public Instruction	2,290,998	
84.366	Mathematics and Science Partnerships	Superintendent of Public Instruction	674,864	
84.367	Improving Teacher Quality State Grants	Education, State Board of	366,460	
84.367	Improving Teacher Quality State Grants	Superintendent of Public Instruction	11,958,649	
84.369	Grants for State Assessments and Related Activities	Superintendent of Public Instruction	3,713,892	
84.378	College Access Challenge Grant Program	Education, State Board of	1,203,960	
	TOTAL NON-CLUSTERED PROGRAMS		$120,343,239	
	TOTAL DEPARTMENT OF EDUCATION		$178,076,331	
	DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	AGING CLUSTER:			
93.044	Grants for Supportive Services and Senior Centers	Aging, Commission on	$1,761,547	
93.045	Nutrition Services	Aging, Commission on	2,654,576	
93.053	Nutrition Services Incentive Program	Aging, Commission on	687,141	
	TOTAL AGING CLUSTER		$5,103,264	
	TANF CLUSTER:			
93.558	Temporary Assistance for Needy Families	Health and Welfare, Department of	$22,121,127	
93.714	ARRA - Emerg. Contingency Fund for Temp. Assist. for Needy Families	Health and Welfare, Department of	434,133	
	TOTAL TANF CLUSTER		$22,555,260	
	CCDF CLUSTER:			
93.575	Child Care and Development Block Grant	Health and Welfare, Department of	$21,676,413	
93.596	Child Care Mandatory & Matching Funds of Child Care & Develop. Fund	Health and Welfare, Department of	2,817,207	
	TOTAL CCDF CLUSTER		$24,493,620	
	MEDICAID CLUSTER:			
93.775	State Medicaid Fraud Control Units	Attorney General, Office of	$489,253	
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Welfare, Department of	2,515,724	
93.778	Medical Assistance Program	Health and Welfare, Department of	1,245,597,172	
	TOTAL MEDICAID CLUSTER		$1,248,602,149	

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	NON-CLUSTERED PROGRAMS:			
93.041	Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Aging, Commission on	$27,750	
93.042	Long Term Care Ombudsman Services for Older Individuals	Aging, Commission on	46,906	
93.043	Disease Prevention and Health Promotion Services	Aging, Commission on	75,944	
93.048	Special Programs for the Aging - Discretionary Projects	Aging, Commission on	514,046	
93.051	Alzheimer's Disease Demonstration Grants to States	Aging, Commission on	20,317	
93.052	National Family Caregiver Support	Aging, Commission on	645,482	
93.069	Public Health Emergency Preparedness	Health and Welfare, Department of	137,077	
93.071	Medicare Enrollment Assistance Program	Aging, Commission on	28,900	
93.072	Lifespan Respite Care Program	Aging, Commission on	12,844	
93.074	Hosp. Prep. Prog. (HPP) & Publ. Health Emerg. Prep. (PHEP) Coop. Agrmts.	Health and Welfare, Department of	6,768,468	
93.079	Promote Adolescent Health - Sch.-Bsd HIV/STD Prev. & Sch.-Bsd Surv.	Superintendent of Public Instruction	53,805	
93.087	Enhance Safety of Children Affected by Substance Abuse	Health and Welfare, Department of	13	
93.090	Guardianship Assistance	Health and Welfare, Department of	26,025	
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Welfare, Department of	286,765	
93.110	Maternal and Child Health Federal Consolidated Programs	Health and Welfare, Department of	229,364	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control	Health and Welfare, Department of	167,175	
93.127	Emergency Medical Services for Children	Health and Welfare, Department of	66,059	
93.130	Coop. Agmts. - States/Territories - Coord. & Develop. of Primary Care Ofcs.	Health and Welfare, Department of	142,719	
93.136	Injury Prevent. & Control Research/State and Community Based Prog.	Health and Welfare, Department of	144,048	
93.150	Projects for Assistance in Transition from Homelessness	Health and Welfare, Department of	303,494	
93.217	Family Planning - Services	Health and Welfare, Department of	1,754,870	
93.240	State Capacity Building	Health and Welfare, Department of	205,931	
93.241	State Rural Hospital Flexibility Program	Health and Welfare, Department of	520,482	
93.243	Substance Abuse & Mental Health Svcs - Proj. of Reg. & Natl. Significance	Drug Policy, Office of	142,691	
93.243	Substance Abuse & Mental Health Svcs - Proj. of Reg. & Natl. Significance	Health and Welfare, Department of	885,311	
93.243	Substance Abuse & Mental Health Svcs - Proj. of Reg. & Natl. Significance	Judicial Department	295,352	
93.243	Substance Abuse & Mental Health Svcs - Proj. of Reg. & Natl. Significance	Superintendent of Public Instruction	344,151	
93.251	Universal Newborn Hearing Screening	Health and Welfare, Department of	192,638	
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	1,975,827	
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	17,754,477	NC
93.270	Adult Viral Hepatitis Prevention and Control	Health and Welfare, Department of	20,216	
93.275	Substance Abuse and Mental Health Services - Access to Recovery	Health and Welfare, Department of	2,805,761	
93.283	Centers for Disease Control & Prevention - Investigations & Tech. Assist.	Health and Welfare, Department of	2,353,018	
93.292	National Public Health Improvement Initiative	Health and Welfare, Department of	102,494	
93.301	Small Rural Hospital Improvement Grant Program	Health and Welfare, Department of	200,897	
93.324	State Health Insurance Assistance Program	Insurance, Department of	51,709	
93.414	ARRA - State Primary Care Offices	Health and Welfare, Department of	99,708	
93.505	Affordable Care Act Maternal, Infant, & Early Childhood Home Visit. Prog.	Health and Welfare, Department of	1,002,320	
93.507	PPHF National Public Health Improvement Initiative	Health and Welfare, Department of	142,491	
93.521	Affordable Care Act Build Epi., Lab., & Health Info. Sys. Cap. in ELC & EIP	Health and Welfare, Department of	343,882	
93.544	Coordinated Chronic Disease prevention and Health Promotion Program	Health and Welfare, Department of	110,302	
93.556	Promoting Safe and Stable Families	Health and Welfare, Department of	1,594,932	
93.563	Child Support Enforcement	Health and Welfare, Department of	14,805,886	
93.566	Refugee and Entrant Assistance - State Administered Programs	Health and Welfare, Department of	1,763,179	
93.568	Low-Income Home Energy Assistance	Health and Welfare, Department of	17,607,211	
93.569	Community Services Block Grant	Health and Welfare, Department of	3,714,289	
93.576	Refugee and Entrant Assistance Discretionary Grants	Health and Welfare, Department of	89,588	
93.586	State Court Improvement Program	Judicial Department	393,640	
93.590	Community-Based Child Abuse Prevention Grants	Health and Welfare, Department of	142,377	
93.597	Grants to States for Access and Visitation Programs	Health and Welfare, Department of	99,778	
93.599	Chafee Education and Training Vouchers Program	Health and Welfare, Department of	149,902	
93.600	Head Start	Health and Welfare, Department of	118,627	
93.603	Adoption Incentive Payments	Health and Welfare, Department of	976,307	
93.617	Voting Access for Individuals with Disabilities - Grants to States	Secretary of State	5,515	
93.624	Affordable Care Act Funding for Model Design & Model Testing Assist.	Health and Welfare, Department of	2,375,413	
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Health and Welfare, Department of	421,480	
93.643	Children's Justice Grants To States	Health and Welfare, Department of	136,616	
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Health and Welfare, Department of	601,973	
93.658	Foster Care - Title IV-E	Health and Welfare, Department of	9,344,332	
93.659	Adoption Assistance	Health and Welfare, Department of	6,738,318	
93.667	Social Services Block Grant	Health and Welfare, Department of	11,602,933	
93.669	Child Abuse and Neglect State Grants	Health and Welfare, Department of	239,688	
93.671	Family Violence Prevent & Srvcs/Domestic Violence Shelter & Sup. Srvcs	Health and Welfare, Department of	827,550	
93.674	Chafee Foster Care Independence Program	Health and Welfare, Department of	631,174	
93.735	State Pub. Health Approach Ensuring Quitline Cap. Funded in part by PPHF	Health and Welfare, Department of	69,514	
93.745	PPHF: Health Care Surveillance/Health Statistics - Surveillance Prog.	Health and Welfare, Department of	36,930	
93.767	Children's Health Insurance Program	Health and Welfare, Department of	49,806,720	
93.779	State Health Insurance Assistance Program	Insurance, Department of	312,205	
93.791	Money Follows the Person Rebalancing Demonstration	Health and Welfare, Department of	2,436,410	
93.889	National Bioterrorism Hospital Preparedness Program	Health and Welfare, Department of	22,436	
93.913	Grants to States for Operation of Offices of Rural Health	Health and Welfare, Department of	182,584	
93.917	HIV Care Formula Grants	Health and Welfare, Department of	2,188,939	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
93.919	Comprehensive Breast and Cervical Cancer Early Detection Programs	Health and Welfare, Department of	$1,479,787	
93.938	Comp. Sch. Health Prog./Prevent Spread - HIV & Other Import. Health Prob.	Superintendent of Public Instruction	67,861	
93.940	HIV Prevention Activities - Health Department Based	Health and Welfare, Department of	774,190	
93.944	HIV/AIDS Surveillance	Health and Welfare, Department of	118,846	
93.945	Assistance Programs for Chronic Disease Prevention and Control	Health and Welfare, Department of	961,137	
93.958	Block Grants for Community Mental Health Services	Health and Welfare, Department of	2,219,957	
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Welfare, Department of	6,733,043	
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	Health and Welfare, Department of	312,711	
93.988	Diabetes Control Programs and Evaluation of Surveillance Systems	Health and Welfare, Department of	29,979	
93.991	Preventive Health and Health Services Block Grant	Health and Welfare, Department of	277,637	
93.994	Maternal and Child Health Services Block Grant to the States	Health and Welfare, Department of	2,987,234	
93.999	Clinical Laboratory Improvement Amendments	Health and Welfare, Department of	151,727	
93.999	Drug Alcohol Information	Health and Welfare, Department of	56,713	
93.999	Food Sanitation Inspection	Health and Welfare, Department of	47,392	
93.999	Mammography Quality	Health and Welfare, Department of	49,048	
93.999	State EPI Outcomes	Health and Welfare, Department of	93,653	
	TOTAL NON-CLUSTERED PROGRAMS		$186,799,090	
	TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		$1,487,553,383	
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
94.003	State Commissions	Labor, Department of	$239,154	
94.006	AmeriCorps	Labor, Department of	1,163,108	
94.007	Program Development and Innovation Grants	Labor, Department of	17,983	
94.009	Training and Technical Assistance	Labor, Department of	5,650	
94.013	Volunteers in Service to America	Superintendent of Public Instruction	45,370	
	TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICE		$1,471,265	
	SOCIAL SECURITY ADMINISTRATION **DISABILITY INSURANCE/SSI CLUSTER:**			
96.001	Social Security - Disability Insurance	Labor, Department of	$8,151,352	
	TOTAL DISABILITY INSURANCE/SSI CLUSTER		$8,151,352	
	NON-CLUSTERED PROGRAMS:			
96.999	Vital Statistics Birth Records Grants	Health and Welfare, Department of	$52,314	
96.999	Vital Statistics Cooperative Program	Health and Welfare, Department of	199,739	
96.999	Social Security Birth and Death Reports	Health and Welfare, Department of	42,494	
	TOTAL NON-CLUSTERED PROGRAMS		$294,547	
	TOTAL SOCIAL SECURITY ADMINISTRATION		$8,445,899	
	DEPARTMENT OF HOMELAND SECURITY			
97.012	Boating Safety Financial Assistance	Parks and Recreation, Department of	$991,553	
97.023	Community Assistance Program - State Support Services Element	Water Resources, Department of	106,642	
97.029	Flood Mitigation Assistance	Military, Division of	1,018,080	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military, Division of	489,008	
97.039	Hazard Mitigation Grant	Military, Division of	353,487	
97.041	National Dam Safety Program	Water Resources, Department of	43,082	
97.042	Emergency Management Performance Grants	Military, Division of	3,090,643	
97.043	State Fire Training Systems Grants	Professional-Technical Education, Division of	11,240	
97.045	Cooperating Technical Partners	Military, Division of	75,594	
97.045	Cooperating Technical Partners	Water Resources, Department of	79,750	
97.047	Pre-Disaster Mitigation	Military, Division of	2,670,062	
97.047	Pre-Disaster Mitigation	Parks and Recreation, Department of	60,000	
97.055	Interoperable Emergency Communications	Military, Division of	66,190	
97.067	Homeland Security Grant Program	Military, Division of	6,977,003	
	Pass-Through From Non-State Entities:			
97.107	National Incident Management System (NIMS) Nat'l Emergency Mgmt Assoc; Grantor No. 12-SA-090-1849	Military, Division of	20,111	PT
	TOTAL DEPARTMENT OF HOMELAND SECURITY		$16,052,445	
	TOTAL EXPENDITURES OF FEDERAL AWARDS		$2,796,317,945	

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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, 2014

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
	ADMINISTRATION, DEPARTMENT OF			
39.003	Donation of Federal Surplus Personal Property	General Services Administration	$1,272,560	NC
	TOTAL ADMINISTRATION, DEPARTMENT OF		$1,272,560	
	AGING, COMMISSION ON			
17.235	Senior Community Service Employment Program	Department of Labor	$463,391	
93.041	Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Health and Human Services	27,750	
93.042	Long Term Care Ombudsman Services for Older Individuals	Health and Human Services	46,906	
93.043	Disease Prevention and Health Promotion Services	Health and Human Services	75,944	
93.044	Grants for Supportive Services and Senior Centers	Health and Human Services	1,761,547	
93.045	Nutrition Services	Health and Human Services	2,654,576	
93.048	Special Programs for the Aging - Discretionary Projects	Health and Human Services	514,046	
93.051	Alzheimer's Disease Demonstration Grants to States	Health and Human Services	20,317	
93.052	National Family Caregiver Support	Health and Human Services	645,482	
93.053	Nutrition Services Incentive Program	Health and Human Services	687,141	
93.071	Medicare Enrollment Assistance Program	Health and Human Services	28,900	
93.072	Lifespan Respite Care Program	Health and Human Services	12,844	
	TOTAL AGING, COMMISSION ON		$6,938,844	
	AGRICULTURE, DEPARTMENT OF			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Department of Agriculture	$918,136	
10.162	Inspection Grading and Standardization	Department of Agriculture	57,692	
10.163	Market Protection and Promotion	Department of Agriculture	31,027	
10.170	Specialty Crop Block Grant Program - Farm Bill	Department of Agriculture	771,387	R&D
10.604	Technical Assistance for Specialty Crops	Department of Agriculture	110,731	
10.680	Forest Health Protection	Department of Agriculture	369,497	
10.688	ARRA - Wildland Fire Management	Department of Agriculture	522,251	
10.950	Agricultural Statistics Reports	Department of Agriculture	9,589	
10.999	Forest Service Aquatic Invasive Species Monitoring	Department of Agriculture	38,565	
15.231	Fish, Wildlife and Plant Conservation Resource Management	Department of the Interior	51,751	
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Environmental Protection Agency	398,104	
	TOTAL AGRICULTURE, DEPARTMENT OF		$3,278,730	
	ARTS, COMMISSION ON THE			
45.025	Promotion of the Arts - Partnership Agreements	Natl. Found. on Arts & Humanities	$441,443	
	TOTAL ARTS, COMMISSION ON THE		$441,443	
	ATTORNEY GENERAL, OFFICE OF THE			
16.543	Missing Children's Assistance	Department of Justice	$232,824	
93.775	State Medicaid Fraud Control Units	Health and Human Services	489,253	
	TOTAL ATTORNEY GENERAL, OFFICE OF THE		$722,077	
	BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE			
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Education	$2,685,370	
84.169	Independent Living - State Grants	Department of Education	137,408	
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	2,343	
84.265	State Vocational Rehabilitation Unit In-Service Training	Department of Education	19,765	
	TOTAL BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE		$3,069,886	
	BUILDING SAFETY, DIVISION OF			
14.171	Manufactured Home Dispute Resolution	Housing and Urban Development	$25,650	
	TOTAL BUILDING SAFETY, DIVISION OF		$25,650	
	COMMERCE, DEPARTMENT OF			
12.002	Procurement Technical Assistance for Business Firms	Department of Defense	$130,930	
14.228	Community Development Block Grants/State's Program	Housing and Urban Development	6,417,967	
59.061	State Trade and Export Promotion Pilot Grant Program	Small Business Administration	208,142	
	TOTAL COMMERCE, DEPARTMENT OF		$6,757,039	
	CORRECTION, DEPARTMENT OF			
16.580	Edward Byrne Memorial Law Enforcement Assistance Discretionary Grants	Department of Justice	$114,394	
16.606	State Criminal Alien Assistance Program	Department of Justice	165,494	
	TOTAL CORRECTION, DEPARTMENT OF		$279,888	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
	DRUG POLICY, OFFICE OF			
93.243	Substance Abuse & Mental Health Svcs - Proj. of Reg. & Nat'l Significance	Health and Human Services	$142,691	
	TOTAL OFFICE OF DRUG POLICY		$142,691	
	EDUCATION, STATE BOARD OF			
84.367	Improving Teacher Quality State Grants	Department of Education	$366,460	
84.372	Statewide Longitudinal Data Systems	Department of Education	624,601	
84.378	College Access Challenge Grant Program	Department of Education	1,203,960	
	TOTAL EDUCATION, STATE BOARD OF		$2,195,021	
	ENERGY RESOURCES, OFFICE OF			
10.999	Idaho Statewide Wood Energy Team	Department of Agriculture	$12,663	PT
81.041	ARRA - State Energy Program	Department of Energy	155,005	
81.041	State Energy Program	Department of Energy	422,695	
81.087	Renewable Energy Research and Development	Department of Energy	9,021	PT, R&D
81.119	State Energy Program Special Projects	Department of Energy	70,548	
81.128	ARRA - Energy Efficiency and Conservation Community Block Grant	Department of Energy	2,060	
81.999	Building a Roadmap Foundation	Department of Energy	59,071	PT
	TOTAL ENERGY RESOURCES, OFFICE OF		$731,063	
	ENVIRONMENTAL QUALITY, DEPARTMENT OF			
10.912	Environmental Quality Incentives Program	Department of Agriculture	$19,569	PT
12.113	Agreement Program for the Reimbursement of Technical Services	Department of Defense	151,637	
15.236	Environmental Quality and Protection Resource Management	Department of the Interior	70,599	
66.001	Air Pollution Control Program Support	Environmental Protection Agency	1,965,648	
66.034	Surveys, Studies, Res., Invest. Demos & Spec. Purpose Act. - Clean Air Act	Environmental Protection Agency	392,872	
66.034	Surveys, Studies, Res., Invest. Demos & Spec. Purpose Act. - Clean Air Act	Environmental Protection Agency	73,339	NC
66.039	National Clean Diesel Emissions Reduction Program	Environmental Protection Agency	76,802	
66.040	State Clean Diesel Grant Program	Environmental Protection Agency	103,009	
66.202	Congressionally Mandated Projects	Environmental Protection Agency	71,550	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Protection Agency	2,140,738	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Protection Agency	8,000	NC
66.432	State Public Water System Supervision	Environmental Protection Agency	1,292,597	
66.454	Water Quality Management Planning	Environmental Protection Agency	103,191	
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	6,494,140	
66.460	Nonpoint Source Implementation Grants	Environmental Protection Agency	2,006,026	
66.461	Regional Wetland Program Development Grants	Environmental Protection Agency	296	
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Environmental Protection Agency	10,939,502	
66.606	Surveys, Studies, Investigations and Special Purpose Grants	Environmental Protection Agency	(2,064)	PT
66.608	Environmental Information Exchange Network Grant Program	Environmental Protection Agency	141,454	
66.708	Pollution Prevention Grants Program	Environmental Protection Agency	92,878	
66.801	Hazardous Waste Management State Program Support	Environmental Protection Agency	448,374	
66.802	ARRA - Superfund St., Pol. Sub./Indian Tribe Site - Specific Coop. Agmts.	Environmental Protection Agency	14,826	
66.802	Superfund St., Pol. Sub./Indian Tribe Site - Specific Coop. Agmts.	Environmental Protection Agency	14,109,924	
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Protection Agency	371,215	
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Protection Agency	579,692	
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Protection Agency	175,215	
66.817	State and Tribal Response Program Grants	Environmental Protection Agency	642,093	
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant	Department of Energy	225,339	PT
81.502	Idaho National Laboratory Oversight	Department of Energy	2,565,925	
	TOTAL ENVIRONMENTAL QUALITY, DEPARTMENT OF		$45,841,363	
	FISH AND GAME, DEPARTMENT OF			
10.093	Miscellaneous Commodity Credit Corporation	Department of Agriculture	$226,011	
10.999	Miscellaneous Forest Service Grants	Department of Agriculture	267,664	
10.999	Miscellaneous Natural Resources Conservation Service Grants	Department of Agriculture	65,890	
11.407	Interjurisdictional Fisheries Act of 1986	Department of Commerce	121	
11.436	Columbia River Fisheries Development Program	Department of Commerce	1,176,254	
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Department of Commerce	277,121	
11.441	Regional Fishery Management Councils	Department of Commerce	38,423	
11.999	Miscellaneous NOAA Grants	Department of Commerce	1,009,014	
15.225	Recreation Resource Management	Department of the Interior	2,000	
15.230	Invasive and Noxious Plant Management	Department of the Interior	124,011	
15.231	Fish, Wildlife and Plant Conservation Resource Management	Department of the Interior	218,610	
15.238	Challenge Cost Share	Department of the Interior	88,085	
15.517	Fish & Wildlife Coordination Act	Department of the Interior	417,657	
15.605	Sport Fish Restoration	Department of the Interior	6,212,934	
15.611	Wildlife Restoration and Basic Hunter Education	Department of the Interior	7,506,136	
15.615	Cooperative Endangered Species Conservation Fund	Department of the Interior	327,129	
15.623	North American Wetlands Conservation Fund	Department of the Interior	1,466	
15.631	Partners for Fish & Wildlife	Department of the Interior	25,008	

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BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
15.634	State Wildlife Grants	Department of the Interior	$1,355,192	
15.649	Service Training and Technical Assistance	Department of the Interior	5,646,644	
15.650	Research Grants (Generic)	Department of the Interior	102,065	
15.657	Endangered Species Conservation - Recovery Implementation Funds	Department of the Interior	134,574	
15.660	Endangered Species - Candidate Conservation Action Funds	Department of the Interior	18,334	
66.461	Regional Wetland Program Development Grants	Environmental Protection Agency	48,683	
81.999	Miscellaneous Bonneville Power Administration Grants	Department of Energy	15,289,253	
	TOTAL FISH AND GAME, DEPARTMENT OF		$40,578,279	
	HEALTH AND WELFARE, DEPARTMENT OF			
10.551	Supplemental Nutrition Assistance Program (SNAP)	Department of Agriculture	$309,657,830	NC
10.557	Supplemental Nutrition for Women, Infants, and Children (WIC)	Department of Agriculture	27,663,903	
10.561	State Administrative Matching Grants - Supplemental Nutrition Assist. Program	Department of Agriculture	9,719,258	
10.568	Emergency Food Assistance Program (Administrative Costs)	Department of Agriculture	224,080	
10.569	Emergency Food Assistance Program (Food Commodities)	Department of Agriculture	2,464,587	NC
16.575	Crime Victim Assistance	Department of Justice	2,338,664	
66.032	State Indoor Radon Grants	Environmental Protection Agency	53,133	
66.034	Surveys, Studies, Res., Invest. Demos & Spec. Purpose Act. - Clean Air Act	Environmental Protection Agency	1,723	
81.042	Weatherization Assistance for Low-Income Persons	Department of Energy	1,525,199	
81.999	Weatherization Conference	Department of Energy	641,704	
84.181	Special Education - Grants for Infants and Families	Department of Education	2,022,291	
93.069	Public Health Emergency Preparedness	Health and Human Services	137,077	
93.074	Hosp. Prep. Prog. (HPP) & Publ. Health Emerg. Prep. (PHEP) Coop. Agrmts.	Health and Human Services	6,768,468	
93.087	Enhance Safety of Children Affected by Substance Abuse	Health and Human Services	13	
93.090	Guardianship Assistance	Health and Human Services	26,025	
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Human Services	286,765	
93.110	Maternal and Child Health Federal Consolidated Programs	Health and Human Services	229,364	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control	Health and Human Services	167,175	
93.127	Emergency Medical Services for Children	Health and Human Services	66,059	
93.130	Coop. Agmts. - States/Territories - Coord. & Develop. of Primary Care Ofcs.	Health and Human Services	142,719	
93.136	Injury Prevent. & Control Research/State and Community Based Prog.	Health and Human Services	144,048	
93.150	Projects for Assistance in Transition from Homelessness	Health and Human Services	303,494	
93.217	Family Planning - Services	Health and Human Services	1,754,870	
93.240	State Capacity Building	Health and Human Services	205,931	
93.241	State Rural Hospital Flexibility Program	Health and Human Services	520,482	
93.243	Substance Abuse & Mental Health Svcs - Proj. of Reg. & Nat'l Significance	Health and Human Services	885,311	
93.251	Universal Newborn Hearing Screening	Health and Human Services	192,638	
93.268	Immunization Cooperative Agreements	Health and Human Services	1,975,827	
93.268	Immunization Cooperative Agreements	Health and Human Services	17,754,477	NC
93.270	Adult Viral Hepatitis Prevention and Control	Health and Human Services	20,216	
93.275	Substance Abuse and Mental Health Services - Access to Recovery	Health and Human Services	2,805,761	
93.283	Centers for Disease Control & Prevention - Investigations & Tech. Assist.	Health and Human Services	2,353,018	
93.292	National Public Health Improvement Initiative	Health and Human Services	102,494	
93.301	Small Rural Hospital Improvement Grant Program	Health and Human Services	200,897	
93.414	ARRA - State Primary Care Offices	Health and Human Services	99,708	
93.505	Affordable Care Act Maternal, Infant, & Early Childhood Home Visit. Prog.	Health and Human Services	1,002,320	
93.507	PPHF National Public Health Improvement Initiative	Health and Human Services	142,491	
93.521	Affordable Care Act Build Epi., Lab., & Health Info. Sys. Cap. in ELC & EIP	Health and Human Services	343,882	
93.544	Coordinated Chronic Disease Prev. & Health Promotion Program	Health and Human Services	110,302	
93.556	Promoting Safe and Stable Families	Health and Human Services	1,594,932	
93.558	Temporary Assistance for Needy Families	Health and Human Services	22,121,127	
93.563	Child Support Enforcement	Health and Human Services	14,805,886	
93.566	Refugee and Entrant Assistance - State Administered Programs	Health and Human Services	1,763,179	
93.568	Low-Income Home Energy Assistance	Health and Human Services	17,607,211	
93.569	Community Services Block Grant	Health and Human Services	3,714,289	
93.575	Child Care and Development Block Grant	Health and Human Services	21,676,413	
93.576	Refugee and Entrant Assistance Discretionary Grants	Health and Human Services	89,588	
93.590	Community-Based Child Abuse Prevention Grants	Health and Human Services	142,377	
93.596	Child Care Mandatory & Matching Funds of Child Care & Develop. Fund	Health and Human Services	2,817,207	
93.597	Grants to States for Access and Visitation Programs	Health and Human Services	99,778	
93.599	Chafee Education and Training Vouchers Program	Health and Human Services	149,902	
93.600	Head Start	Health and Human Services	118,627	
93.603	Adoption Incentive Payments	Health and Human Services	976,307	
93.624	Affordable Care Act Funding for Model Design & Model Testing Assist.	Health and Human Services	2,375,413	
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services	421,480	
93.643	Children's Justice Grants To States	Health and Human Services	136,616	
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Health and Human Services	601,973	
93.658	Foster Care - Title IV-E	Health and Human Services	9,344,332	
93.659	Adoption Assistance	Health and Human Services	6,738,318	
93.667	Social Services Block Grant	Health and Human Services	11,602,933	
93.669	Child Abuse and Neglect State Grants	Health and Human Services	239,688	
93.671	Family Violence Prevent & Srvcs/Domestic Violence Shelter & Sup. Srvcs	Health and Human Services	827,550	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CFDA	FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
	STATE AGENCY			
93.674	Chafee Foster Care Independence Program	Health and Human Services	$631,174	
93.714	ARRA - Emerg. Contingency Fund for Temp. Assist. for Needy Families	Health and Human Services	434,133	
93.735	State Pub. Health Approach Ensuring Quitline Cap. Funded in part by PPHF	Health and Human Services	69,514	
93.745	PPHF: Health Care Surveillance/Health Statistics - Surveillance Prog.	Health and Human Services	36,930	
93.767	Children's Health Insurance Program	Health and Human Services	49,806,720	
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	2,515,724	
93.778	Medical Assistance Program	Health and Human Services	1,245,597,172	
93.791	Money Follows the Person Rebalancing Demonstration	Health and Human Services	2,436,410	
93.889	National Bioterrorism Hospital Preparedness Program	Health and Human Services	22,436	
93.913	Grants to States for Operation of Offices of Rural Health	Health and Human Services	182,584	
93.917	HIV Care Formula Grants	Health and Human Services	2,188,939	
93.919	Comprehensive Breast and Cervical Cancer Early Detection Programs	Health and Human Services	1,479,787	
93.940	HIV Prevention Activities - Health Department Based	Health and Human Services	774,190	
93.944	HIV/AIDS Surveillance	Health and Human Services	118,846	
93.945	Assistance Programs for Chronic Disease Prevention and Control	Health and Human Services	961,137	
93.958	Block Grants for Community Mental Health Services	Health and Human Services	2,219,957	
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services	6,733,043	
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	Health and Human Services	312,711	
93.988	Diabetes Control Programs and Evaluation of Surveillance Systems	Health and Human Services	29,979	
93.991	Preventive Health and Health Services Block Grant	Health and Human Services	277,637	
93.994	Maternal and Child Health Services Block Grant to the States	Health and Human Services	2,987,234	
93.999	Clinical Laboratory Improvement Amendments	Health and Human Services	151,727	
93.999	Drug Alcohol Information	Health and Human Services	56,713	
93.999	Food Sanitation Inspection	Health and Human Services	47,392	
93.999	Mammography Quality	Health and Human Services	49,048	
93.999	State EPI Outcomes	Health and Human Services	93,653	
96.999	Vital Statistics Birth Records Grants	Social Security Administration	52,314	
96.999	Vital Statistics Cooperative Program	Social Security Administration	199,739	
96.999	Social Security Birth and Death Reports	Social Security Administration	42,494	
	TOTAL HEALTH AND WELFARE, DEPARTMENT OF		$1,835,528,667	
	HISTORICAL SOCIETY, IDAHO STATE			
15.224	Cultural Resource Management	Department of the Interior	$32,056	
15.238	Challenge Cost Share	Department of the Interior	519	
15.904	Historic Preservation Fund Grants-in-Aid	Department of the Interior	477,743	
15.926	American Battlefield Protection	Department of the Interior	1,305	
45.129	Promotion of the Humanities - Federal/State Partnership	Natl. Found. on Arts & Humanities	1,200	PT
45.149	Promotion of the Humanities - Division of Preservation and Access	Natl. Found. on Arts & Humanities	18,718	
	TOTAL HISTORICAL SOCIETY, IDAHO STATE		$531,541	
	INDUSTRIAL COMMISSION			
16.576	Crime Victim Compensation	Department of Justice	$800,000	
	TOTAL INDUSTRIAL COMMISSION		$800,000	
	INSURANCE, DEPARTMENT OF			
93.324	State Health Insurance Assistance Program	Health and Human Services	$51,709	
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demos, and Evals.	Health and Human Services	312,205	
	TOTAL INSURANCE, DEPARTMENT OF		$363,914	
	JUDICIAL DEPARTMENT			
16.013	Violence Against Women Act Court Training and Improvement Grants	Department of Justice	$182,561	
16.585	Drug Court Discretionary Grant Program	Department of Justice	89,243	
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	Department of Justice	160,607	
16.999	Miscellaneous Department of Justice Grants	Department of Justice	14,246	
93.243	Substance Abuse & Mental Health Svcs - Proj. of Reg. & Natl. Significance	Health and Human Services	295,352	
93.586	State Court Improvement Program	Health and Human Services	393,640	
	TOTAL JUDICIAL DEPARTMENT		$1,135,649	
	JUVENILE CORRECTIONS, DEPARTMENT OF			
16.523	Juvenile Accountability Block Grants	Department of Justice	$325,509	
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	Department of Justice	432,438	
16.548	Title V - Delinquency Prevention Program	Department of Justice	65,735	
16.727	Enforcing Underage Drinking Laws Program	Department of Justice	259,904	
16.812	Second Chance Act Reentry Initiative	Department of Justice	5,923	R&D
84.358	Rural Education	Department of Education	5,980	
	TOTAL JUVENILE CORRECTIONS, DEPARTMENT OF		$1,095,489	
	LABOR, DEPARTMENT OF			
17.002	Labor Force Statistics	Department of Labor	$621,714	R&D
17.005	Compensation and Working Conditions	Department of Labor	5,816	
17.207	Employment Service/Wagner-Peyser Funded Activities	Department of Labor	6,614,412	
17.225	Unemployment Insurance	Department of Labor	165,968,185	

* 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, 2014

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
17.245	Trade Adjustment Assistance	Department of Labor	$1,033,045	
17.258	WIA Adult Program	Department of Labor	3,300,645	
17.259	WIA Youth Activities	Department of Labor	3,655,785	
17.261	WIA Pilots, Demonstrations, and Research Projects	Department of Labor	347,584	R&D
17.267	Incentive Grants - WIA Section 503	Department of Labor	140,682	
17.271	Work Opportunity Tax Credit (WOTC) Program	Department of Labor	37,632	
17.273	Temporary Labor Certification for Foreign Workers	Department of Labor	192,883	
17.275	ARRA - Worker Training & Placement in High Growth & Emerging Industry	Department of Labor	104,746	
17.277	WIA National Emergency Grants	Department of Labor	1,012,318	
17.278	WIA Dislocated Workers	Department of Labor	3,836,306	
17.801	Disabled Veterans' Outreach Program	Department of Labor	691,284	
17.802	Veterans' Employment Program	Department of Labor	524,341	
17.804	Local Veterans' Employment Representative Program	Department of Labor	129,973	
94.003	State Commissions	Corp. for Natl. & Community Svc.	239,154	
94.006	AmeriCorps	Corp. for Natl. & Community Svc.	1,163,108	
94.007	Program Development and Innovation Grants	Corp. for Natl. & Community Svc.	17,983	
94.009	Training and Technical Assistance	Corp. for Natl. & Community Svc.	5,650	
96.001	Social Security - Disability Insurance	Social Security Administration	8,151,352	
	TOTAL LABOR, DEPARTMENT OF		$197,794,598	
	LANDS, DEPARTMENT OF			
10.064	Forestry Incentives Program	Department of Agriculture	$19,483	
10.664	Cooperative Forestry Assistance	Department of Agriculture	2,448,637	
10.676	Forest Legacy Program	Department of Agriculture	58,144	
10.680	Forest Health Protection	Department of Agriculture	58,783	
	TOTAL LANDS, DEPARTMENT OF		$2,585,047	
	LIBRARIES, IDAHO COMMISSION FOR			
45.129	Promotion of the Humanities - Federal/State Partnership	Natl. Found. on Arts & Humanities	$12,854	PT
45.310	Grants to States	Natl. Found. on Arts & Humanities	1,343,114	
45.312	National Leadership Grants	Natl. Found. on Arts & Humanities	87,826	
	TOTAL LIBRARIES, IDAHO COMMISSION FOR		$1,443,794	
	MILITARY, DIVISION OF			
11.549	State and Local Implementation Grant Program	Department of Commerce	$87,736	
12.401	National Guard Military Operations and Maintenance Projects	Department of Defense	32,927,324	
12.401	National Guard Military Operations and Maintenance Projects	Department of Defense	796,327	NC
12.404	National Guard ChalleNGe Program	Department of Defense	2,682,161	
20.703	Interagency Hazardous Materials Public Sector Training & Planning Grants	Department of Transportation	138,306	
97.029	Flood Mitigation Assistance	Department of Homeland Security	1,018,080	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Department of Homeland Security	489,008	
97.039	Hazard Mitigation Grant	Department of Homeland Security	353,487	
97.042	Emergency Management Performance Grants	Department of Homeland Security	3,090,643	
97.045	Cooperating Technical Partners	Department of Homeland Security	75,594	
97.047	Pre-Disaster Mitigation	Department of Homeland Security	2,670,062	
97.055	Interoperable Emergency Communications	Department of Homeland Security	66,190	
97.067	Homeland Security Grant Program	Department of Homeland Security	6,977,003	
97.107	National Incident Management System (NIMS)	Department of Homeland Security	20,111	PT
	TOTAL MILITARY, DIVISION OF		$51,392,032	
	OUTFITTERS & GUIDES			
10.999	Idaho Rec. & Tourism Initiative (IRTI) Outfitters/Guide GIS Interface Devel.	Department of Agriculture	$11,881	
	TOTAL OUTFITTERS & GUIDES		$11,881	
	PARKS AND RECREATION, DEPARTMENT OF			
15.524	Recreation Resources Management	Department of the Interior	$387,839	
15.622	Sportfishing and Boating Safety Act	Department of the Interior	7,795	
15.916	Outdoor Recreation - Acquisition, Development, and Planning	Department of the Interior	399,573	
20.219	Recreational Trails Program	Department of Transportation	1,286,099	
43.001	Science	NASA	4,927	
97.012	Boating Safety Financial Assistance	Department of Homeland Security	991,553	
97.047	Pre-Disaster Mitigation	Department of Homeland Security	60,000	
	TOTAL PARKS AND RECREATION, DEPARTMENT OF		$3,137,786	
	PHARMACY, BOARD OF			
16.754	Harold Rogers Prescription Drug Monitoring Program	Department of Justice	$142,423	
	TOTAL PHARMACY, BOARD OF		$142,423	
	POLICE, IDAHO STATE			
16.017	Sexual Assault Services	Department of Justice	$288,390	
16.550	State Justice Statistics Program for Statistical Analysis Centers	Department of Justice	57,096	
16.588	Violence Against Women Formula Grants	Department of Justice	1,030,818	

* 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, 2014

CFDA	FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
	STATE AGENCY			
16.593	Residential Substance Abuse Treatment for State Prisoners	Department of Justice	$114,724	
16.609	Project Safe Neighborhoods	Department of Justice	54,241	
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Department of Justice	1,190,166	
16.741	DNA Backlog Reduction Program	Department of Justice	190,167	
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Department of Justice	244,633	
16.753	Congressionally Recommended Awards	Department of Justice	45,912	
16.813	National Criminal History Improvement Program	Department of Justice	109,788	
16.922	Equitable Sharing for Law Enforcement Agencies	Department of Justice	77,648	
16.999	Organized Crime and Drug Task Force	Department of Justice	2,991	
20.218	National Motor Carrier Safety	Department of Transportation	1,564,622	
20.233	Border Enforcement Grants	Department of Transportation	80,959	
	TOTAL POLICE, IDAHO STATE		$5,052,155	
	PROFESSIONAL-TECHNICAL EDUCATION, DIVISION OF			
84.002	Adult Education - Basic Grants to States	Department of Education	$2,743,797	
84.048	Career and Technical Education - Basic Grants to States	Department of Education	6,657,871	
97.043	State Fire Training Systems Grants	Department of Homeland Security	11,240	
	TOTAL PROFESSIONAL-TECHNICAL EDUCATION, DIVISION OF		$9,412,908	
	PUBLIC TELEVISION, IDAHO			
10.861	Public Television Station Digital Transition Grant Program	Department of Agriculture	$49,935	
11.553	Warning, Alert, and Response Network (WARN) Act	Department of Commerce	64,495	PT
	TOTAL PUBLIC TELEVISION, IDAHO		$114,430	
	PUBLIC UTILITIES COMMISSION			
20.700	Pipeline Safety	Department of Transportation	$78,500	
81.122	ARRA - Electricity Delivery & Energy Reliability, Res., Devel. & Analysis	Department of Energy	241,200	
	TOTAL PUBLIC UTILITIES COMMISSION		$319,700	
	SECRETARY OF STATE			
39.011	Election Reform	General Services Administration	$1,306,411	
93.617	Voting Access for Individuals with Disabilities - Grants to States	Health and Human Services	5,515	
	TOTAL SECRETARY OF STATE		$1,311,926	
	SPECIES CONSERVATION, OFFICE OF			
10.999	US Forest Services Roadless Cost Share	Department of Agriculture	$9,834	
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Department of Commerce	2,874,123	
15.231	Fish, Wildlife and Plant Conservation Resource Management	Department of the Interior	8,059	
15.608	Fish and Wildlife Management Assistance	Department of the Interior	59,260	
15.657	Endangered Species Conservation - Recovery Implementation Funds	Department of the Interior	2,650,869	
81.999	Idaho OSC Accord Planning and Development	Department of Energy	353,773	
81.999	Upper Salmon Basin Habitat Restoration	Department of Energy	663,798	
81.999	Exp-Lemhi River Restoration Planning	Department of Energy	140,913	
81.999	Clearwater Focus Program	Department of Energy	90,133	
81.999	Exp-Pahsimeroi River Habitat	Department of Energy	100,324	
81.999	Yankee Fork Side Channel Restoration	Department of Energy	68,287	
81.999	Lower Clearwater Potlatch Watershed	Department of Energy	210,968	
	TOTAL SPECIES CONSERVATION, OFFICE OF		$7,230,341	
	SUPERINTENDENT OF PUBLIC INSTRUCTION			
10.553	School Breakfast Program	Department of Agriculture	$15,998,648	
10.555	National School Lunch Program	Department of Agriculture	6,632,890	NC
10.555	National School Lunch Program	Department of Agriculture	47,467,520	
10.556	Special Milk Program for Children	Department of Agriculture	156,702	
10.558	Child and Adult Care Food Program	Department of Agriculture	7,109,455	
10.559	Summer Food Service Program for Children	Department of Agriculture	4,378,054	
10.560	State Administrative Expenses for Child Nutrition	Department of Agriculture	1,218,288	
10.574	Team Nutrition Grants	Department of Agriculture	238,248	
10.579	Child Nutrition Discretionary Grants Limited Availability	Department of Agriculture	146,886	
10.582	Fresh Fruit and Vegetable Program	Department of Agriculture	1,771,459	
12.900	Language Grant Program	Department of Defense	99,832	
43.AAA	Aerospace Education Services Program	NASA	179,020	
45.024	Promotion of the Arts - Grants to Organizations and Individuals	Natl. Endowment for the Arts	20,418	
84.010	Title I Grants to Local Educational Agencies	Department of Education	57,662,199	
84.011	Migrant Education - State Grant Program	Department of Education	3,866,134	
84.013	Title I State Agency Program for Neglected & Delinquent Children & Youth	Department of Education	448,910	
84.027	Special Education - Grants to States	Department of Education	51,939,721	
84.144	Migrant Education - Coordination Program	Department of Education	115,353	
84.173	Special Education - Preschool Grants	Department of Education	1,999,207	
84.196	Education for Homeless Children and Youth	Department of Education	248,188	
84.287	Twenty-First Century Community Learning Centers	Department of Education	6,025,940	
84.318	Education Technology State Grants	Department of Education	81,211	

* 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, 2014

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
84.323	Special Education - State Personnel Development	Department of Education	$963,396	
84.330	Advanced Placement Program	Department of Education	72,270	
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Department of Education	1,663,452	
84.358	Rural Education	Department of Education	682,095	
84.365	English Language Acquisition State Grants	Department of Education	2,290,998	
84.366	Mathematics and Science Partnerships	Department of Education	674,864	
84.367	Improving Teacher Quality State Grants	Department of Education	11,958,649	
84.369	Grants for State Assessments and Related Activities	Department of Education	3,713,892	
84.377	School Improvement Grants	Department of Education	265,418	
84.388	ARRA - School Improvement Grants	Department of Education	2,904,145	
93.079	Promote Adolescent Health - Sch.-Bsd HIV/STD Prev. & Sch.-Bsd Surv.	Health and Human Services	53,805	
93.243	Substance Abuse & Mental Health Svcs - Proj. of Reg. & Nat'l Significance	Health and Human Services	344,151	
93.938	Comp. Sch. Health Prog./Prevent Spread - HIV & Other Import. Health Prob.	Health and Human Services	67,861	
94.013	Volunteers in Service to America	Corp. for Natl. & Community Svc.	45,370	
	TOTAL SUPERINTENDENT OF PUBLIC INSTRUCTION		$233,504,649	
	TRANSPORTATION DEPARTMENT, IDAHO			
10.912	Environmental Quality Incentives Program	Department of Agriculture	$5,659	
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assist.	Department of the Interior	207,596	
20.106	Airport Improvement Program	Department of Transportation	87,594	
20.205	ARRA - Highway Planning and Construction	Department of Transportation	2,581,705	
20.205	Highway Planning and Construction	Department of Transportation	280,682,202	
20.205	Highway Planning and Construction	Department of Transportation	6,677,315	R&D
20.232	Commercial Driver's License Program Improvement Grant	Department of Transportation	322,325	
20.237	Commercial Vehicle Information Systems and Networks	Department of Transportation	929,340	
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service	Department of Transportation	13,804	
20.500	Federal Transit - Capital Investment Grants	Department of Transportation	417,922	
20.505	Metro. Transp. Planning/State Non-Metropolitan Planning & Research	Department of Transportation	110,903	
20.509	ARRA - Formula Grants for Rural Areas	Department of Transportation	148,945	
20.509	Formula Grants for Rural Areas	Department of Transportation	5,945,712	
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Department of Transportation	583,565	
20.514	Public Transportation Research	Department of Transportation	35,625	
20.516	Job Access - Reverse Commute	Department of Transportation	869,538	
20.521	New Freedom Program	Department of Transportation	385,405	
20.600	State and Community Highway Safety	Department of Transportation	1,641,953	
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	Department of Transportation	818,132	
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Department of Transportation	95,243	
20.610	State Traffic Safety Information System Improvement Grants	Department of Transportation	131,885	
20.612	Incentive Grant Program to Increase Motorcyclist Safety	Department of Transportation	100,580	
20.616	National Priority Safety Programs	Department of Transportation	738,261	
	TOTAL TRANSPORTATION DEPARTMENT, IDAHO		$303,531,209	
	VETERANS SERVICES, DIVISION OF			
64.014	Veterans State Domiciliary Care	Department of Veterans Affairs	$419,653	
64.015	Veterans State Nursing Home Care	Department of Veterans Affairs	11,251,414	
64.101	Burial Expenses Allowances for Veterans	Department of Veterans Affairs	338,412	
64.203	State Cemetery Grants	Department of Veterans Affairs	1,153,563	
	TOTAL VETERANS SERVICES, DIVISION OF		$13,163,042	
	VOCATIONAL REHABILITATION, DIVISION OF			
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Education	$13,432,742	
84.169	Independent Living - State Grants	Department of Education	129,154	
84.187	Supported Employment Services for Individuals w/Significant Disabilities	Department of Education	213,717	
84.265	State Vocational Rehabilitation Unit In-Service Training	Department of Education	29,830	
	TOTAL VOCATIONAL REHABILITATION, DIVISION OF		$13,805,443	
	WATER RESOURCES, DEPARTMENT OF			
15.507	WaterSMART (Sustaining & Manage America's Resources for Tomorrow)	Department of the Interior	$8,650	
15.808	U.S. Geological Survey - Research and Data Collection	Department of the Interior	68,485	R&D
66.433	State Underground Water Source Protection	Environmental Protection Agency	57,602	
81.999	Tributary Water Conservation	Department of Energy	270,576	
97.023	Community Assistance Program - State Support Services Element	Department of Homeland Security	106,642	
97.041	National Dam Safety Program	Department of Homeland Security	43,082	
97.045	Cooperating Technical Partners	Department of Homeland Security	79,750	
	TOTAL WATER RESOURCES, DEPARTMENT OF		$634,787	
	TOTAL EXPENDITURES OF FEDERAL AWARDS		$2,796,317,945	

* 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, 2014

NOTE 1 – PURPOSE OF THE SCHEDULES

The supplementary Schedule 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 State departments and entities included in the State's *Comprehensive Annual Financial Report* (*CAFR*). This report includes all federal awards except for the colleges and universities, the Idaho Housing and Finance Association, the Idaho Individual High Risk Reinsurance Pool, and the Idaho Health Insurance Exchange, 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 (SNAP) – 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 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 $126,849,766, and the federal portion was $39,118,419.

NOTE 3 – LOANS OUTSTANDING

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

1. 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, 2014, was $345,206. The Office of Energy Resources determined uncollectible accounts to be $0.

2. 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 years of project completion. Interest rates vary between 0 percent and 4.5 percent. Management considers all loans to be fully collectible, so no allowance for uncollectible accounts is recorded.

Loan programs at June 30, 2014:

CAPITALIZATION GRANTS FOR CLEAN WATER - CFDA 66.458

	Loan Authorized	Principal Repayments	Remaining Commitment	Receivable Balance
Completed Projects	$135,294,282	$22,055,282		$113,239,000
Projects in Progress	180,067,178		$108,549,343	71,517,835
Totals	$315,361,460	$22,055,282	$108,549,343	$184,756,835
Less: Amount Due Within 1 Year				4,491,685
Loans Receivable Net of Current Maturities				$180,265,150

CAPITALIZATION GRANTS FOR DRINKING WATER - CFDA 66.468

	Loan Authorized	Principal Repayments	Remaining Commitment	Receivable Balance
Completed Projects	$103,161,288	$17,592,365		$85,568,923
Projects in Progress	42,924,460		$22,182,681	20,741,779
Totals	$146,085,748	$17,592,365	$22,182,681	$106,310,702
Less: Amount Due Within 1 Year				3,898,670
Loans Receivable Net of Current Maturities				$102,412,032

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 7.79 percent of the USDA's total expenditures for SNAP benefits in the federal fiscal year ended September 30, 2013.

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AUDITOR'S RESULTS

STATE OF IDAHO
SINGLE AUDIT REPORT
SUMMARY OF AUDITOR'S RESULTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 did not disclose any 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 2014-202, 2014-203, and 2014-216 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) and Low-Income Home Energy Assistance Program (93.568).

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*.

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 $8,388,954.

6. For the fiscal year ended June 30, 2014, 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, 2014

PROGRAM OR CLUSTER TITLE	CFDA
SNAP CLUSTER:	
Supplemental Nutrition Assistance Program (SNAP)	10.551
State Administrative Matching Grants – Supplemental Nutrition Assistance Program	10.561
CHILD NUTRITION CLUSTER:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
WIA CLUSTER:	
WIA Adult Program	17.258
WIA Youth Activities	17.259
WIA Dislocated Workers	17.278
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:	
Highway Planning and Construction	20.205
ARRA – Highway Planning and Construction	20.205
Recreational Trails Program	20.219
CLEAN WATER STATE REVOLVING FUND CLUSTER:	
Capitalization Grants for Clean Water State Revolving Funds	66.458
ARRA – Capitalization Grants for Clean Water State Revolving Funds	66.458
DRINKING WATER STATE REVOLVING FUND CLUSTER:	
Capitalization Grants for Drinking Water State Revolving Funds	66.468
SPECIAL EDUCATION CLUSTER (IDEA):	
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173
TANF CLUSTER:	
Temporary Assistance for Needy Families	93.558
ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families	93.714
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

STATE OF IDAHO
SINGLE AUDIT REPORT
SCHEDULE OF MAJOR FEDERAL PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

PROGRAM OR CLUSTER TITLE	CFDA
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
Superfund State, Political Subdivisions, and Indian Tribe Site - Specific Cooperative Agreements	66.802
ARRA – Superfund State, Political Subdivisions, and Indian Tribe Site - Specific Cooperative Agreements	66.802
Miscellaneous Bonneville Power Administration Grants	81.999
Title I Grants to Local Educational Agencies	84.010
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126
Improving Teacher Quality State Grants	84.367
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
Foster Care-Title IV-E	93.658
Social Services Block Grant	93.667
Children's Health Insurance Program	93.767

STATE OF IDAHO
SINGLE AUDIT REPORT
SCHEDULE OF BASIC FINANCIAL STATEMENTS FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

STATE AGENCY		PAGE
OFFICE OF THE STATE CONTROLLER		
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2014-102	Internal control deficiencies over the processing of statutory transfers led to noncompliance as well as miscoded and unsupported transactions.	30
IDAHO STATE DEPARTMENT OF EDUCATION		
2014-103	Errors in the accounts receivable closing package were not detected or prevented by internal control procedures in place.	32
IDAHO DEPARTMENT OF HEALTH AND WELFARE		
2013-104	Deficiencies in internal control allowed several errors in various closing packages to go undetected.	33
IDAHO STATE TAX COMMISSION		
2013-105	Errors in the data used to prepare the taxes receivable estimate were not detected by internal control procedures, resulting in misstatements.	35
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STATE OF IDAHO
SINGLE AUDIT REPORT
BASIC FINANCIAL STATEMENTS FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

OFFICE OF THE STATE CONTROLLER (Office)

FINDING 2014-101

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

Type of Finding: Significant Deficiency

Related to Prior Finding: 2013-101

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

Condition: Several misstatements were identified that exceeded our trivial materiality threshold, but did not exceed materiality. The misstatements were all communicated during the audit process, however the number of errors indicate weaknesses in the internal control system that could lead to a material error that would go undetected and uncorrected. The most significant errors included incorrect financial statement classifications and note disclosure omissions, misclassifications, and inconsistencies with the financial statements.

Cause: Weaknesses in the internal controls established by the Office allowed misstatements and errors in the financial statements and note disclosures to go undetected.

Effect: The financial statements and note disclosures submitted for audit contained misstatements and errors that were not material but more than inconsequential. All errors except one were corrected before the *Comprehensive Annual Financial Report (CAFR)* was finalized. The remaining error was included on the passed on adjustments schedule.

Recommendation: We recommend that the Office improve the design and effectiveness of internal controls over the compilation of the statewide financial statements and note disclosures.

Management's View and Corrective Action Plan: *We will continue to improve our trend analysis and make modifications to our risk assessment to identify potential errors in the financial statements. Additionally, we will evaluate internal controls over the financial reporting process to ensure changes in the financial statements are subsequently reflected in the relevant note disclosures.*

Scheduled Completion Date for Corrective Action Plan: The Office did not provide a completion date. We will revisit progress on the corrective action during the 90-day follow-up.

Contact Person: Brandon Purcell, CGFM, CFE
Chief, Bureau of Reporting & Review
Office of the Idaho State Controller
700 W. State Street
Boise, ID 83720
Phone Number: 208-332-8811

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.

FINDING 2014-102
Internal control deficiencies over the processing of statutory transfers led to noncompliance as well as miscoded and unsupported transactions.

Type of Finding: Significant Deficiency

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

In addition, 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 or custodians of State funds. When a transfer of funds is required, legislation generally states that the State Controller shall perform the transaction. The following legislation is relevant to exceptions noted during our audit.

- House Bill 297 from the 2013 legislative session directed the State Controller to transfer $25,000 from the State Highway Fund to the Tourism and Promotion Fund to provide matching fund support of the Gateway Visitor Centers.
- Senate Bill 1181 from the 2013 legislative session requested the State Controller to transfer $627,600 from the Idaho Millennium Income Fund to the Office of Drug Policy for the implementation of a statewide "Lock Your Meds" campaign.
- Idaho Code Section 39-107B requires the approval by the Board of Examiners for transfers requested by the agency director from the General Fund and any other funds appropriated to the Department of Environmental Quality (DEQ).

Condition: The Office processes statutory transfers based on appropriation bills, session law, or agency requests. Some transfers are calculated by the agency making the transfer and reviewed and relied upon by the Office; other transfers are calculated and initiated by the Office. In both situations, with a couple of exceptions, the Bureau Chief of Accounting Operations prepares the batch header to record the transfers; however, there is no review performed to verify that the information on the batch header is correct, accurate, and in compliance with statute.

Out of the 54 transfers tested, we noted the following exceptions:

- The $25,000 transfer from the State Highway fund to the Tourism and Promotion fund was improperly made to the Seminars and Publications fund. Upon further review, we noted that this transfer has been requested annually and improperly coded this way since fiscal year 2004.
- $627,600 was improperly transferred from the Millennium Income fund to the Office of Energy Resources instead of the Office of Drug Policy. The Office of Drug Policy notified the Office after they were unable to pay expenditures because of unavailable funds. This error was subsequently resolved.
- Idaho Code Section 72-1347B requires a monthly transfer of the unencumbered balance in excess of $6.0 million from the Workforce Development Training fund to the Employment Security Reserve fund. We determined that no transfer was required in fiscal year 2014; however, the Office was unaware of the transfer required by this code section.
- Four routine transfers requested by the DEQ lacked appropriate Board of Examiner approval. Upon further review of the Board of Examiners' minutes, none of the $18.5 million in transfers requested by this agency were approved.
- Adequate supporting documentation was not obtained or maintained for two agency initiated transfers.

Cause: Risk assessments performed by the Office did not adequately identify and address risks related to statutory transfers. The Office maintains the view that it is the agency's responsibility to ensure that transfers are correctly made and calculated. Control activities contain deficiencies to ensure statutory transfers are properly identified, approved, and supported. The prior audit recommendation to institute a secondary review of transfers was not implemented. Procedures are inadequate to prevent and detect errors and instances of noncompliance.

Effect: Our testing did not identify any material misstatements or noncompliance. However, statutory transfers totaling $275,000 over the past eleven years have not been deposited into the Tourism and Promotion fund as specified in session law. In addition, $18.5 million was transferred into the DEQ Cooperative Welfare fund, without Board of Examiners approval as required by Idaho Code Section 39-107B.

Recommendation: We recommend that the Office perform a risk assessment of statutory transfers. We also recommend that the Office design and implement control procedures to ensure that transfers are properly identified, tracked, supported, and recorded.

Management's View and Corrective Action Plan: *We have modified our review process for statutory transfers by documenting the verification of compliance with Idaho Code, verifying information is keyed correctly, and ensuring supporting documentation is attached. In addition, prior to fiscal year 2016 we will review statutory transfers to identify if there are other risks and whether our new review process can reasonably be expected to preclude those from occurring.*

Scheduled Completion Date for Corrective Action Plan: The Office did not provide a completion date. We will revisit progress on the corrective action during the 90-day follow-up.

Contact Person: Brandon Purcell, CGFM, CFE
Chief, Bureau of Reporting & Review
Office of the Idaho State Controller
700 W. State Street
Boise, ID 83720
Phone Number: 208-332-8811

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.

IDAHO STATE DEPARTMENT OF EDUCATION (Department)

FINDING 2014-103

Errors in the accounts receivable closing package were not detected or prevented by internal control procedures in place.

Type of Finding: Significant Deficiency

Criteria: Generally Accepted Accounting Principles (GAAP) for government entities require different bases of reporting for different financial statements in the state *Comprehensive Annual Financial Report (CAFR)*. The Office of the State Controller (Office) collects information from State agencies on year-end closing packages to make adjustments from cash basis financial statements to the GAAP basis financial statements included in the *CAFR*.

The accounts receivable closing package reports estimated amounts to be collected within 60 days, one year, and thereafter from the end of the fiscal year. These amounts and collection periods are necessary to comply with GAAP financial reporting requirements. Government-wide financial statements are prepared on the full accrual basis in which revenue is recognized when earned regardless of when it is collected. Governmental fund financial statements are prepared on the modified accrual basis in which revenues are recognized when they are measurable and available, which the State considers to be those collected within 60 days after the fiscal year end. Governmental funds report revenue expected to be collected after 60 days separately as a deferred inflow of resources.

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

Condition: The Department receives federal grant funds and passes the funds through to school districts. The school districts request reimbursement for qualifying expenditures from the Department, who in turn requests reimbursement from the federal agency. The Department reports amounts due to the districts as a payable and the amounts due from the federal agencies as a receivable.

Many school districts incur qualifying expenditures prior to the State's fiscal year-end, but may not request reimbursement until many months after fiscal year-end. To accurately report accounts receivable in accordance with GAAP and the Office's closing package instructions, the Department must estimate the amount of the reimbursement requests they will pay and the corresponding federal revenue they expect to receive. The Department uses prior year data to create these estimates.

In the initial closing package, the Department reported all accounts receivable as collectible within 60 days after the end of the fiscal year. However, part of the receivable recorded was an estimate based on school district reimbursement requests. The Department did not expect to receive the estimated amount until more than 60 days after the end of the fiscal year.

At fiscal year-end, the Department had requested federal funds for qualifying expenditures but had not received the revenue. This amount was included twice in the accounts receivable calculations causing an overstatement.

Cause: The Department's internal control procedures for completing closing packages include a review prior to final submission to the Office of the State Controller. Review procedures were not performed at the level of detail necessary to detect the closing package errors.

Effect: The entire balance of accounts receivable was reported as collectible within 60 days. This caused the revenue reported as measurable and available on the governmental fund financial statements to be overstated by $7.3 million, and the amount reported as deferred inflows to be understated by the same amount. Including the same request for federal revenue twice caused the total receivable reported to be overstated by $269,673.

These errors were less than material, but more than inconsequential to the State financial statements. The errors were corrected and the accounts receivable closing package was resubmitted before the financial statements were issued. However, because the review procedures did not detect the errors, a deficiency exists in the Department's internal control that may result in future errors.

Recommendation: We recommend that the Department improve the design and implementation of internal control procedures intended to detect and prevent closing package errors.

Management's View and Corrective Action Plan: *The Department has taken steps to reduce the risk of such occurrences happening in the future by requiring additional training for employees working on the CAFR and enhancing its review process of closing packages.*

Scheduled Completion Date for Corrective Action Plan: The Department did not provide a completion date. We will revisit progress on the corrective action during the 90-day follow-up.

Contact Person: Louie Konkol
Associate Deputy, Chief Financial Officer
Idaho State Department of Education
650 W. State Street
Boise, ID 83720-0027
Phone Number: 208-332-6874

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.

IDAHO DEPARTMENT OF HEALTH AND WELFARE (Department)

FINDING 2014-104
Deficiencies in internal control allowed several errors in various closing packages to go undetected.

Type of Finding: Material Weakness

Related to Prior Year Finding: 2013-104

Criteria: The *Internal Control Integrated Framework, published by* the Committee of Sponsoring Organizations of the Treadway Commission (COSO), identifies control activities that help ensure management directives are carried out and risks are mitigated. These activities include adequate review and authorization of financial reporting and using the general ledger or other reliable records as the basis for reports. Additionally, each year, State agencies are required to report accounting information to the Office of the State Controller (Office) in the form of closing packages, which provide the details necessary to prepare the statewide *Comprehensive Annual Financial Report (CAFR).* The Office 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 misstatements in various closing packages. The most significant errors include:

- The Department reports total Medicaid claims that are owed but will not be submitted until after 60 days from the end of the fiscal year as an incurred but not reported amount (IBNR) and an associated amount for grants receivable. This amount was reported twice on the grants receivable closing package, as both collectable within 60 days and collectable greater than 60 days. This resulted in an overstatement of $28,677,816.
- The Office instructions for the grants receivable closing package indicate that amounts received within the first 60 days following the fiscal year-end should be recognized as revenue. The Department reported receipts received in the first 83 days following the fiscal year-end. This resulted in an overstatement of $1,274,045.
- The accounts payable closing package failed to include all amounts subject to the reporting guidelines. Audit procedures reviewed the database of transactions occurring in the first 60 days following the fiscal year-end and found qualifying amounts not included in the total amount reported. This resulted in an understatement of $561,785.
- The capital assets closing package contained an error relating to intangible assets that was carried forward from the prior year's ending balance. Our review found that the original fiscal year 2013 calculation included errors in amounts from three grant numbers. This resulted in a $20,433,305 overstatement to the fiscal year 2014 intangible assets beginning balance.

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

Effect: Subsequent to communications with the Department regarding the errors noted during the audit, the Department resubmitted information to the Office to correct the material misstatements. The material corrections included a decrease in Grants Receivable by $28,677,816 and a decrease in the capital assets balance of $20,433,305. Other errors not material to the statewide financial statements that were not corrected include a grants receivable overstatement of $1,274,045 and an accounts payable understatement of $561,785.

Recommendation: We recommend that the Department strengthen the design and effectiveness of internal controls over the completion of closing packages to ensure accurate and reliable financial information is provided to the Office.

Management's View and Corrective Action Plan: *We agree with this finding. Corrective actions have been implemented to reduce errors in future closing packages. Procedures have been updated and documented to prevent these errors from re-occurring. Trend analysis will be documented in some areas to identify anomalies in future closing packages used to report year end estimates.*

Scheduled Completion Date for Corrective Action Plan: The Department did not provide a completion date. We will revisit progress on the corrective action during the 90-day follow-up.

Contact Person: Steve Bellomy, CPA
Bureau Chief, Audits and Investigations
Idaho Department of Health and Welfare
450 W. State Street, 10th Floor
Boise, ID 83720-0036
Phone Number: 208-334-5500

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.

IDAHO STATE TAX COMMISSION (Commission)

FINDING 2014-105

Errors in the data used to prepare the taxes receivable estimate were not detected by internal control procedures, resulting in misstatements.

Type of Finding: Material Weakness

Related to Prior Finding: 2013-105

Criteria: Generally Accepted Accounting Principles (GAAP) for government entities require different bases of reporting for different financial statements in the state *Comprehensive Annual Financial Report (CAFR)*. The Office of the State Controller (Office) collects information from State agencies on year-end closing packages to make adjustments from cash basis financial statements to the GAAP basis financial statements included in the *CAFR*.

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 60 days, one year, and thereafter from the end of the fiscal year. These amounts and collection periods are necessary to comply with GAAP financial reporting requirements. Government-wide financial statements are prepared on the full accrual basis in which revenue is recognized when earned regardless of when it is collected. Governmental fund financial statements are prepared on the modified accrual basis in which revenues are recognized when they are measurable and available, which the State considers to be those collected within 60 days after the fiscal year end. Governmental funds report revenue expected to be collected after 60 days separately as a deferred inflow of resources.

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 control activities and information and communication.

Management is responsible for establishing a process for preparing accounting estimates based on relevant, sufficient, and reliable data. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated. These activities include 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.

Condition: Our audit procedures discovered several errors in the Commission's taxes receivable closing package, which led to misstatements. Completing the closing package includes preparing an estimate of future tax revenues based on past collections.

The Commission uses GenTax as its system of record for taxpayer information such as personal information, returns filed, payments received, and refunds paid. Financial information from GenTax is summarized and uploaded to Navision, the Commission's accounting system. Navision uploads to STARS (Statewide Accounting and Reporting System), the State's accounting system. State financial reporting is based on STARS data.

The Commission's process for estimating taxes receivable was based on reports from GenTax showing revenue collected in past years. Our testing found that GenTax reports were double counting some revenue types and not correctly counting others, which overstated past revenue collected compared to STARS data and led to a net overstatement of the taxes receivable estimate.

Also, the initial closing package submitted to the Office reported the revenue expected to be received within 30 days of fiscal year-end instead of the required 60 days, causing the available revenue to be understated and the deferred inflow of resources to be overstated.

Cause: Several factors contributed to the taxes receivable errors. The Commission has procedures in place to ensure all closing packages are reviewed prior to submission to the Office; however, the review procedures were not performed at a level of detail necessary to detect the errors.

While preparing the taxes receivable estimate, the Commission was also upgrading the GenTax system from version 6 to version 9, which required considerable time and effort from the financial staff to ensure the new version was working properly and all taxpayer data had been accurately transferred.

To increase the accuracy of the estimate, the Commission used a different method to estimate taxes receivable than in past years, which also required additional time and effort from the financial staff. This new method included estimating future audit collections and required the Commission to create new reports in GenTax version 6, which would be used only for fiscal year 2014 because of the upgrade to version 9.

Effect: Subsequent to communications with the Commission regarding the errors noted during the audit, the closing package was resubmitted to the Office to correct the material misstatements. The net effect of the errors was the following overstatements / (understatements):

- Government-wide Financial Statements, Net Taxes Receivable: $48,886,028
- Governmental Funds, General Column, Net Taxes Receivable: $72,610,838
- Governmental Funds, Transportation Column, Net Taxes Receivable: ($23,081,535)
- Governmental Funds, General Column, Deferred Inflows: $85,570,612

Recommendation: We recommend that the Commission implement control procedures to ensure closing packages are prepared in accordance with the Office instructions, and the data used to prepare the taxes receivable estimate is relevant, sufficient, and reliable.

Management's View and Corrective Action Plan: *The methodology for estimating Taxes Receivable at fiscal year-end was significantly changed this year, based on last year's recommendation, 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. While we can be accurate to the penny with true cash received in the fiscal year, all parties recognize that there are numerous assumptions necessary to purport to capture a reasonable estimate of the unknown 'receivable' at year-end for accounting and reporting purposes. That said, we*

acknowledge missing the fact that the reports generated out of our older version of GenTax inadvertently double counted some payment amounts in the estimate. The estimated receivable amounts are large enough that the overstated amounts seemed reasonable, and were reviewed and discussed extensively. It was not a lack of review or effort, but a weakness in our ability to generate accurate reports under limits of time and resources, that mainly contributed to the overstatement. We believe that better information, more readily verifiable, will be available this coming year with our updated version 9 of GenTax. Again, 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: The Commission did not provide a completion date. We will revisit progress on the corrective action during the 90-day follow-up.

Contact Person: Mark Poppler
Fiscal Officer
Idaho State Tax Commission
PO Box 36
Boise, ID 83722-0410
Phone Number: 208-334-7660

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.

IDAHO TRANSPORTATION DEPARTMENT (Department)

FINDING 2014-106

Internal controls intended to reduce the risk of misstatements in the inventory closing package were not performed at a level of detail necessary to detect significant errors.

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, and information and communication.

Control activities are the policies and procedures that help ensure the entity's objectives are met. 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.

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

Condition: Our testing found significant errors in reporting the value of inventory.

Anti-skid material stockpiles are stored in various sheds around the State. Each year, the volume of the piles must be measured to determine and report their value in the accounting system. The value in the accounting system for several piles did not match the value in the support documentation for volume and value calculations. We also found various errors in the calculations used to determine the value of several other piles. These errors included math errors and incorrect formulas used to calculate volume based on the shape of the piles.

The Department also keeps snowplow blades on hand in the various sheds around the State. The six district offices account for snowplow blades in different ways. Some expense them as they are purchased and show $0 on hand at year-end. Some enter all of them in inventory and track them until they are used. And some districts expense some of the blades and enter others in inventory depending on their storage.

Cause: The Department has implemented internal control procedures designed to reduce the risk of stockpile valuation errors such as reviewing measurements, volume calculations, and entries in the accounting system. However, these internal control procedures were not performed at a level of detail necessary to detect the errors that led to misstatements.

Each of the six district offices determines how they record snowplow blades in the inventory system with no guidance from the Department's headquarters. While this may be efficient operationally, the inconsistent measurement of snowplow blade inventory is not in compliance with GAAP reporting standards and led to misstatements in reporting inventory value on the statewide financial statements.

Effect: The net effect of the inventory errors was not significant to the financial statements because the errors resulted in both overstatements and understatements. However, the errors indicate that internal controls are not effectively designed or implemented to reduce the risk of material misstatements in the statewide financial statements. Following is a summary of the errors we found:

- The calculated value of anti-skid material not matching the recorded value in the accounting system resulted in overstatements of $550,411 and understatements of $133,138, which net to an overstatement of $417,273.
- The errors in calculating the volume of the anti-skid material stockpiles resulted in overstatements of $7,903 and understatements of $564,276, which net to an understatement of $556,373.
- The inconsistent treatment of recording snowplow blades in inventory resulted in an estimated $653,201 understatement. Our estimate was the result of conversations with Department personnel and analysis of snowplow blade purchases and inventory recorded at the six districts. This process resulted in an estimate that only 50% of the snowplow blades on hand at the end of the fiscal year were recorded as inventory in the accounting system.
- All of the inventory errors net to an understatement of $792,301.

Recommendation: We recommend that the Department implement internal controls to detect errors in the anti-skid material valuation process and design and implement procedures to ensure the consistent accounting treatment of snowplow blades.

Management's View and Corrective Action Plan: *The Department agrees with this finding. The Department will implement procedures to ensure adequate review of source documentation to support financial transactions to include:*

- *The District Operations Engineer (DOE) will review counts and calculations of stockpile materials for accuracy and completeness. The DOE will initial and date the count sheets evidencing a review of accuracy, completeness and compliance with procedural requirements.*

- *The District Business Manager will reconcile the reviewed inventory counts and prepare adjustments based on approved count sheets from the DOE's supporting documentation. The District will retain original supporting documentation used in the completion of stockpile material calculations and inventory adjustments and forward a copy to Financial Services.*
- *Financial Services will reconcile balance sheet account balances to a summary compilation of the district count sheets to ensure inventory balances are accurately reflected in the year- end financial report.*
- *Snowplow blades will be accounted for as inventory while they are physically located in a centralized district warehouse and subsequently expensed when issued to a maintenance shed. Financial Services will reconcile the physical inventory count sheets to the appropriate balance sheet accounts.*

The execution of these additional controls should resolve the control weaknesses identified in the recent audit and prevent future failures of the same nature from occurring.

Scheduled Completion Date for Corrective Action Plan: The Department did not provide a completion date. We will revisit progress on the corrective action during the 90-day follow-up.

Contact Person: Brian W. Ness
Director
Idaho Transportation Department
3311 W. State St.
Boise, ID 83703
Phone Number: 208-334-8000

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.

STATE OF IDAHO
SINGLE AUDIT REPORT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

STATE AGENCY		FEDERAL AGENCY	PAGE
IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED			
2014-201	Capital expenditures are not excluded from the direct cost base or the indirect cost pools prior to determining the allocation of indirect costs for Vocational Rehabilitation grants.	Department of Education	43
2014-202	Inaccurate federal financial reporting for the Vocational Rehabilitation grants contributed to the Commission's failure to meet the matching requirement.	Department of Education	44
2014-203	Federal expenditures reported by the Commission to the Office of the State Controller were understated by $168,287.	Department of Education	46
IDAHO STATE DEPARTMENT OF EDUCATION			
2014-204	Significant deficiencies in the Departments internal control over Federal Funding Accountability and Transparency (FFATA) reporting for the Child Nutrition Cluster, Title I A, Title II A, and Individuals with Disabilities in Education (IDEA) grants led to multiple reporting errors.	Department of Agriculture Department of Education	47
2014-205	The Department could not provide documentation that procedures were performed to ensure subrecipients were not suspended or debarred prior to issuing subawards for the Title I Part A Grants to Local Education Agencies, Title II Part A Improving Teacher Quality, and Individuals with Disabilities in Education Act (IDEA) grant programs.	Department of Education	49
2014-206	The Federal award identification number and Federal awarding agency were not identified to Child Nutrition Cluster, Title I Part A Grants to Local Education Agencies, and Title II Part A Improving Teacher Quality grant subrecipients as required.	Department of Agriculture Department of Education	52
2014-207	Significant deficiencies exist in the Department's internal control procedures to ensure compliance with the Maintenance of Effort and Earmarking requirements of the Individuals with Disabilities in Education Act (IDEA) grant cluster.	Department of Education	53
IDAHO DEPARTMENT OF HEALTH AND WELFARE			
2014-208	Multiple federal programs incurred expenditures prior to the period of availability due to weaknesses in the design of internal controls.	Department of Agriculture Department of Health and Human Services	55
2014-209	Multiple federal programs failed to report subawards as required under the Federal Funding Accountability and Transparency Act.	Department of Agriculture Department of Health and Human Services	57

STATE OF IDAHO
SINGLE AUDIT REPORT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

STATE AGENCY		FEDERAL AGENCY	PAGE
2014-210	Internal controls over the federal cash draw process did not identify and correct multiple errors in the calculations in a timely manner.	Department of Health and Human Services	59
2014-211	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	61
2014-212	Internal controls over financial reporting for the Medicaid Cluster and Children's Health Insurance Program (CHIP) did not effectively prevent inaccuracies and ensure reports are submitted timely.	Department of Health and Human Services	62
2014-213	Internal controls and review procedures in the Medicaid Cluster and Children's Health Insurance Program (CHIP) failed to identify and correct inconsistencies in the automated interface mapping process between information systems.	Department of Health and Human Services	63
2014-214	The coordination of benefits payment configuration for Medicare in the Medicaid Management Information System (MMIS) is incorrect resulting in overpayments for fiscal years 2011 through 2014.	Department of Health and Human Services	65
2014-215	Two Medicaid approved providers lacked support to verify continued eligibility to deliver services.	Department of Health and Human Services	67
2014-216	The Low-Income Home Energy Assistance Program (LIHEAP) weatherization expenditures exceeded earmarking limits by $1,883,776 for the 2012 grant award.	Department of Health and Human Services	68
2014-217	Expenditures were incurred for the Low-Income Home Energy Assistance Program (LIHEAP) that were $140,353 in excess of the carry forward limits established by federal regulations.	Department of Health and Human Services	70
2014-218	The Annual Report on Households Assisted by the Low-Income Home Energy Assistance Program (LIHEAP) lacked adequate support documentation.	Department of Health and Human Services	71
2014-219	Quarterly federal financial reports for the Temporary Assistance for Needy Families (TANF) grant lacked adequate support documentation.	Department of Health and Human Services	72
2014-220	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	74

STATE OF IDAHO
SINGLE AUDIT REPORT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

STATE AGENCY		FEDERAL AGENCY	PAGE
2014-221	Foster Care maintenance payment rates were not consistently reviewed in a timely manner as outlined in regulations and policies.	Department of Health and Human Services	75
2014-222	Supplemental Nutrition Program for Women, Infants, and Children (WIC) formula rebates are not credited to the federal grantor prior to requesting federal funds.	Department of Agriculture	77
2014-223	Procedures are not in place to monitor indirect cost rate plans prepared by the subrecipients of the Supplemental Nutrition Program for Women, Infants, and Children (WIC) grant.	Department of Agriculture	78
2014-224	Adequate internal controls are not in place to ensure timely compliance with Social Services Block Grant (SSBG) earmarking requirements.	Department of Health and Human Services	80
IDAHO DEPARTMENT OF LABOR			
2014-225	Internal controls over federal procurement, suspension, and debarment compliance did not operate as intended for the Workforce Investment Act Program.	Department of Labor	81
2014-226	The Department did not comply with certain program integrity requirements for the Unemployment Compensation Program.	Department of Labor	82
IDAHO DIVISION OF VOCATIONAL REHABILITATION			
2014-227	Documentation to support the performance of internal control procedures and adherence to compliance requirements could not be provided for the Vocational Rehabilitation grants.	Department of Education	84

IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED (Commission)

FINDING 2014-201

Capital expenditures are not excluded from the direct cost base or the indirect cost pools prior to determining the allocation of indirect costs to the Vocational Rehabilitation grants.

CFDA Title: Rehabilitation Services - Vocational Rehabilitation Grants to States
CFDA Number: 84.126
Federal Award Numbers: H126A120017, H126A130017, H126A140017
Program Years: October 1, 2011 to September 30, 2012; October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014;
Federal Agency: Department of Education
Compliance Requirements: Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking
Questioned Costs: Known $11,415

Type of Finding: Noncompliance and Significant Deficiency

Criteria: The Code of Federal Regulations (CFR) (2 CFR 225, Appendix E) indicates that as part of the allocation process of indirect costs, direct costs and indirect costs shall exclude capital expenditures and unallowable costs; however, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable. The distribution base may be total direct costs (excluding capital expenditures and other distorting items), direct salaries and wages, or another base that would result in an equitable distribution.

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 requirements.

Condition: Capital expenditures totaling $133,979 were not excluded from the direct cost base or the indirect cost pools prior to calculating the allocation of the indirect costs.

Cause: The Commission was not aware that capital expenditures and other distorting items needed to be excluded from the direct cost base and the indirect cost pools as part of the indirect cost allocation process.

Effect: Indirect costs of $11,415 were inappropriately allocated to the Rehabilitation Services - Vocational Rehabilitation Grants to States program; approximately $7,586 of which was drawn as federal expenditures, and approximately $3,829 was considered non-federal match.

Recommendation: We recommend that the Commission implement procedures to ensure that capital expenditures are excluded from the direct cost base and the indirect cost pools prior to allocating the indirect costs.

Management's View and Corrective Action Plan: *We are reviewing the treatment of expenditures for equipment related to the Randolph-Sheppard Act with our Federal fiscal liaison for further guidance and direction. We will implement procedures to ensure that inappropriate expenditures are excluded from the direct cost base and the indirect cost pools prior to allocating the indirect costs.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

Contact Persons: Angela Jones, Administrator
Trina Ayres, Administrative Services Manager
Idaho Commission for the Blind and Visually Impaired
341 W. Washington St.
Boise, ID 83720-0012
208-334-3220

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 2014-202

Inaccurate federal financial reporting of the Vocational Rehabilitation grants contributed to the Commission's failure to meet the matching requirement.

CFDA Title: Rehabilitation Services - Vocational Rehabilitation Grants to States
CFDA Number: 84.126
Federal Award Numbers: H126A120017, H126A130017
Program Years: October 1, 2011 to September 30, 2012; October 1, 2012 to September 30, 2013
Federal Agency: Department of Education
Compliance Requirements: Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Reporting
Questioned Costs: Likely $171,348

Type of Finding: Material Noncompliance and Material Weakness

Related to Prior Finding: 2013-201

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.

The Code of Federal Regulations (CFR) (34 CFR subpart C section 80.20(a-b)) requires the Commission to account for grant funds in accordance with State laws and procedures and 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 CFR also requires financial reports to be accurate, current, and to fully disclose the financial results of financially assisted activities in accordance with the financial reporting requirements of the grant.

Instructions for completing the *Federal Financial Report (SF-425)* state that amounts reported should be cumulative from the inception date of the award through the end date of the reporting period specified.

The *Annual Vocational Rehabilitation Program/Cost Report (RSA-2)* instructions effective for the federal fiscal year 2013 state that the amount of funds expended for administrative costs claimed through an approved Cost Allocation Plan should be entered on Schedule I, Line 1b – Indirect Costs. They also indicate that the total on Line 1 – Administration Costs should include the amount reported on Line 1b. The instructions further specify that the report must be submitted to the Rehabilitation Services Administration (RSA) by December 31 following the close of the federal fiscal year.

The Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* stipulates that the agency's share or match of non-federal expenditures for the Rehabilitation Services - Vocational Rehabilitation Grants to States program (VR grant) is 21.3%. Additionally, the Period of Availability requirement states that funds appropriated for a federal fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the State agency met the matching requirement for those federal funds by obligating the non-federal share in the fiscal year for which the funds were appropriated.

Condition: The VR grants require the Commission to submit an *SF-425* semi-annually showing the cumulative amount of federal funds expended, federal unliquidated obligations, recipient share of non-federal expenditures, and program income earned and expended.

The Commission's internal cost allocation worksheets are used to determine the amounts reported on the SF-425 reports. The September cost allocation worksheet showed total program expenditures for the 2013 VR grant of $2,554,961 which included federal expenditures of $1,937,667, leaving the remaining $617,294 as the recipient share of non-federal expenditures. The Commission only reported the amount of federal funds drawn to date/received of $1,772,545 as the federal share of expenditures and reported the recipient share of expenditures as $782,416.

The *RSA-2* report for the federal fiscal year ended September 30, 2013, reported administrative costs of $448,027 on Schedule I, Line 1; however, this total represents indirect costs that were claimed through their approved Cost Allocation Plan. Based on the instructions, for this report, this amount should also have been included on Schedule I, Line 1b as well. In addition, the *RSA-2* report for federal fiscal year 2013 was filed on January 11, 2014; 14 days after the deadline of December, 31, 2013.

Cause: The Commission stated that the online federal reporting system would not allow them to enter an amount of federal expenditures on Line 10e of the *SF-425* report that was different than the amount reported as federal cash disbursements on Line 10b. Per communication with the federal agency, this was the case several years ago, but the system has been modified to allow the Commission to accurately report the federal share and recipient share of expenditures as of the end of the reporting period.

The error on the *RSA-2* report was caused by the Commission's misinterpretation of the instructions for the *RSA-2* report. In addition, controls intended to ensure timely reporting were ineffective in ensuring the report was filed by the due date specified.

Effect: The federal share of expenditures reported for the 2013 VR grant were understated by $165,122, resulting in an over-statement in the recipient share of expenditures of the same amount. As a result, it appeared that the Commission had met the required federal match requirement of $663,669 at September 30, 2013, when in fact, they had not.

In addition, since the match was not met, the period of availability for this grant would be affected and the Commission would only be granted another year to obligate the remaining federal funds to the extent the match was met. Meaning, the Commission would only be able to obligate federal funds of $343,133, rather than the presumed $514,481 during federal fiscal year 2014.

The *RSA-2* report for the federal fiscal year ended September 30, 2013, was not filed timely and did not specify that the administrative expenditures were claimed through the application of the Commission's Cost Allocation Plan.

Recommendation: We recommend that the Commission accurately report the federal share and recipient share of expenditures on the *SF-425* reports as supported by their accounting records. In addition, we recommend that procedures should be implemented to ensure that reports are submitted by the due dates specified in federal regulations. We further recommend that the Commission improve procedures to ensure that the required non-federal match has been met and that expenditures are obligated during the period of availability.

Management's View and Corrective Action Plan: *We are reviewing these recommendations and will also consult with our federal liaison. We will review, improve and implement procedures as needed to insure accurate and timely reporting.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

Contact Persons: Angela Jones, Administrator
Trina Ayres, Administrative Services Manager
Idaho Commission for the Blind and Visually Impaired
341 W. Washington St.
Boise, ID 83720-0012
208-334-3220

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 2014-203
Federal expenditures reported by the Commission to the Office of the State Controller were understated by $168,287.

CFDA Titles: Rehabilitation Services - Vocational Rehabilitation Grants to States; Supported Employment Services for Individuals with the Most Significant Disabilities; Independent Living – State Grants
CFDA Numbers: 84.126, 84.187, 84.169
Federal Award Numbers: H126A120017, H126A130017, H126A140017, H187A140018, H169A130018
Program Year: State fiscal year ending June 30, 2014
Federal Agency: Department of Education
Compliance Requirement: OMB *Circular A-133*, Subpart C, section .310b
Questioned Costs: None

Type of finding: Material Misstatement and Material Weakness

Criteria: The Office of Management and Budget (OMB) *Circular A-133* (Subpart C section .310b) requires recipients of federal awards to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the recipient's financial statements. The SEFA must provide the total awards expended for each individual program.

State agencies are required to report federal expenditures incurred for each federal program during the State fiscal year to the Office of the State Controller through a closing package. Agencies are also required to submit a grants receivable closing package for allowable grant expenditures incurred by the agency as of

the fiscal year end which are reasonably estimable and expected to be collected, but which the agency will not receive reimbursement until after June 30.

Condition: The Commission reported the amount of draws received on the award from the federal grantor during the State fiscal year 2014 rather than the federal expenditures incurred during that period. In addition, no grants receivable were reported in the closing package.

Cause: The Commission incurs expenditures in the final month of the State fiscal year but does not request or receive the reimbursement until the following month. No adjustment is made to the revenue received during the State fiscal year to account for the timing differences between the expenditures incurred and the receipt of the federal reimbursements.

Effect: The Commission underreported federal expenditures of the Rehabilitation Services-Vocational Rehabilitation Grants to States (CFDA 84.126) by $182,962. In addition, expenditures for Supported Employment Services for Individuals with the Most Significant Disabilities (CFDA 84.187) were understated by $1,769 and the Independent Living – State Grants (CFDA 84.169) were overstated by $16,444. The result was a net understatement of federal expenditures of $168,287.

In addition, the Commission did not submit a grants receivable closing package reflecting the $307,625 in expenditures they expected to receive as reimbursement from the federal grantor after June 30, 2014.

Recommendation: We recommend that the Commission implement procedures to ensure expenditures of federal awards and grants receivable for the State fiscal year are appropriately reported on the closing packages submitted to the Office of the State Controller.

Management's View and Corrective Action Plan: *ICBVI is in agreement the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) are not an accurate reflection of expenditures but of federal grant revenues recorded. We are reviewing these recommendations and will review and implement procedures as needed to insure accurate and timely reporting of Federal awards and grants receivable and that they are appropriately reported on state closing packages.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

Contact Persons: Angela Jones, Administrator
Trina Ayres, Administrative Services Manager
Idaho Commission for the Blind and Visually Impaired
341 W. Washington St.
Boise, ID 83720-0012
208-334-3220

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.

IDAHO STATE DEPARTMENT OF EDUCATION (Department)

FINDING 2014-204

Significant deficiencies in the Department's internal control over Federal Funding Accountability and Transparency Act (FFATA) reporting for the Child Nutrition Cluster, Title I A, Title II A, and Individuals with Disabilities in Education (IDEA) grants led to multiple reporting errors.

CFDA Titles: Child Nutrition Cluster; Title I A – Grants to Local Education Agencies; Title II A – Improving Teacher Quality State Grants; Individuals with Disabilities in Education (IDEA) Grant Cluster
CFDA Numbers: 10.553, 10.555, 10.556, 10.559, 84.010, 84.367, 84.027, 84.173
Federal Award Numbers: 13137IDIDN1099, 14147IDIDN1099, S010A110012-11B, S010A120012-12A, S010A130012, S367A110011-11B, S367A120012-12A, S367A130011-13A, H027A120088-12A, H173A120030
Program Years: October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
Federal Agencies: Department of Agriculture, Department of Education
Compliance Requirement: Reporting
Questioned Costs: None

Type of Finding: Noncompliance and Significant Deficiency

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) requires the primary recipients of a new Federal award to report any subaward exceeding $25,000 using the Federal Subaward Reporting System (FSRS). The subaward information will be available on the USAspending.gov website. A new Federal award is defined as an award with a new Federal Assistance Identification Number (FAIN). One of the subaward data elements required to be reported is the Obligation Date, which is the date the agreement was signed. Reports are required to be submitted on the FSRS no later than the last day of the month following the month in which the obligation or award modification was made.

Condition: The Department is a primary recipient of the following grant programs tested as part of our Single Audit procedures:

- Child Nutrition Cluster grant – CFDAs 10.553, 10.555, 10.556, and 10.559
- Title I Part A Grants to States – CFDA 84.010
- Title II Part A Improving Teacher Quality – CFDA 83.367
- Individuals with Disabilities in Education Act (IDEA) Cluster – CFDAs 84.027 and 84.173

The Department issued multiple subawards in excess of $25,000 with new Federal Assistance Identification Numbers. Our testing of compliance with the FFATA reporting requirements found the following errors:

Child Nutrition Cluster:

- Our review of the Federal Subaward Reporting System found that the Department had submitted none of the required reports for these subawards.

Title I Part A Grants to States:

- All 14 subawards selected for testing exceeded $25,000 and were required to be reported, but 1 of the 14 could not be located on USAspending.gov.
- Of the 13 subawards that were reported, the obligation date at USAspending.gov did not match subaward documents on all 13, and none of the 13 subawards were reported within the required reporting period.

Title II Part A Improving Teacher Quality:

- Of the 7 subawards tested that exceeded $25,000 and were required to be reported, 1 could not be located on USAspending.gov.
- Of the 6 subawards that were reported, the obligation date at USAspending.gov did not match subaward documents on all 6, and none of the 6 subawards were reported within the required reporting period.

IDEA cluster:

- Of the 15 subawards tested that exceeded $25,000 and were required to be reported, 4 could not be located on USAspending.gov.
- Of the 11 subawards that were reported, the obligation date of 2 awards at USAspending.gov did not match subaward documents, and 6 were not reported within the required reporting period.

Cause: The Department's procedures for completing FFATA reporting do not include a review process to ensure the accuracy of the reported information or monitoring procedures to ensure reports are submitted timely.

Effect: Information on the USAspending.gov website regarding subawards made for these grants was incorrect or incomplete. The Department was not in compliance with FFATA reporting requirements.

Recommendation: We recommend that the Department implement internal control procedures to ensure Transparency Act reports are completed timely and accurately.

Management's View and Corrective Action Plan: *As of this writing, the FFATA reporting for FY14 is complete and is currently up to date for FY15 in the Child Nutrition, Title IA, Title II A and IDEA programs. The Department is currently undergoing a rewrite of the three primary software applications that prepare the data for FFATA submission. The Grants Reimbursement Application (GRA), Consolidated Federal and State Grant Application (CFSGA) and IDEA Part B Applications are integrating like-data elements and creating linkages for each system to allow approvals, before moving to the next system. Budgets will be entered and approved by program staff in sub-systems, then sent to the GRA where funds will be made available to districts and award letters will be issued. These features will provide greater transparency, better internal controls and cleaner data outputs for FFATA reporting.*

Although the federal submission system continues to be cumbersome and problematic, cleaner reporting data will allow for less manual manipulation of data by department staff, resulting in more timely and accurate uploading submissions.

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

Contact Person: Pete Koehler
Chief Deputy Superintendent of Public Instruction
Idaho State Department of Education
650 W. State Street
Boise, ID 83720-0027
Phone Number: 208-332-6814

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 2014-205

The Department could not provide documentation that procedures were performed to ensure subrecipients were not suspended or debarred prior to issuing subawards for the Title I Part A Grants to Local Education Agencies, Title II Part A Improving Teacher Quality, and Individuals with Disabilities in Education Act (IDEA) grant programs.

CFDA Titles: Title I A – Grants to Local Education Agencies; Title II A – Improving Teacher Quality State Grants; Individuals with Disabilities in Education (IDEA) Grant Cluster
CFDA Numbers: 84.010, 84.367, 84.027, 84.173
Federal Award Numbers: S010A110012-11A, S010A120012-12A, S010A130012, S367A110011-11B, S367A120012-12A, S367A130011-13A, H027A11088-11B, H027A120088-12A, H027A13088-13A, H173A110030, H173A120030, H173A130030
Program Years: July 1, 2011 to September 30, 2012; July 1, 2012 to September 30, 2013; July 1, 2013 to September 30, 2014; July 1, 2011 to September 30, 2013; July 1, 2012 to September 30, 2014; July 1, 2013 to September 30, 2015
Federal Agency: Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Questioned Costs: None

Type of Finding: Noncompliance and Significant Deficiency

Criteria: The Federal Office of Management and Budget (OMB) issues guidance in the form of circulars applicable to Federal agencies and non-Federal entities. OMB *Circular A-133* describes the non-Federal entity's responsibility for managing Federal assistance programs, including the requirement to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Non-Federal entities are prohibited from making subawards under covered transactions to parties that are suspended or debarred.

Condition: The Department uses an electronic application process for Title I Part A Grants to Local Education Agencies (Title 1 A), Title II Part A Improving Teacher Quality (Title II A), and Individuals with Disabilities in Education Act (IDEA) grant programs. Local Education Agencies (LEAs, i.e. school districts) create a user account and logon to the Department's system to apply for grant funds each year. The application process includes a page of assurances that the LEAs must read and acknowledge they will comply. The LEA must click a box to indicate they understand and comply with the assurances in order for the application to be completed. Included in the assurances is a clause that the LEA attests it is not on the Federal suspension or debarment list.

Our testing to verify the Department performed procedures to determine that subrecipients were not suspended or debarred prior to issuing subawards found the following documentation issues:

Title I A and Title II A Grants

- Some LEAs were unable to use the electronic application system and used a paper copy instead which should include a clause to which the LEA attests it is not suspended or debarred by the signature of an appropriate LEA official. The Department used 2 paper applications for the Title I A grant and 3 for the Title II A grant in fiscal year 2014. We tested all 5 and found that 3 of the 5 applications were missing an attestation that the LEA was not suspended or debarred.
- The intent of the electronic application system is to keep a record of the user at the LEA who signed on to the system and completed the application. In each grant we tested 24 electronic applications and found 20 applications (40 of 48 total) in which the username on the LEA's account was a user at the Department. The Department determined the system was overwriting the LEA username with the next user who logged on to the system to look at the applications. Because of this we were unable to determine that an appropriate LEA official had attested that the LEA was not suspended or debarred.

IDEA Grant

- In the application for fiscal year 2014 the assurances page included a clause that the LEA would follow all applicable provisions of OMB *Circulars A-133 and A-87* and the applicable Codes of Federal Regulations, but did not specifically state that the LEA is not on the Federal suspension or debarment list. The Department did not perform other procedures to determine if the LEAs were suspended or debarred prior to issuing the subawards.

Cause: The Department indicated the system is not designed to overwrite the users who completed the Title I A and Title II A electronic grant applications and they were unsure why the error occurred.

The Department's internal control procedures did not detect the omission of the suspension and debarment clause in the Title I A and Title II A paper applications or the IDEA electronic applications prior to use for the fiscal year 2014 grants.

Effect: None of the LEAs we tested were on the Federal suspended or debarred list; however, the omission of the clause in the grant application increased the risk that the Department could have made a subaward to a suspended or debarred LEA.

Recommendation: We recommend that the Department implement internal control procedures to ensure applicants for subawards are not suspended or debarred and proper documentation is maintained to demonstrate compliance with Federal grant regulations.

Management's View and Corrective Action Plan: *At the time of the audit it was discovered the CFSGA system controlling suspended and debarred assurances for Title I A & Title II A had a glitch. The system was overriding the assurance information authorized by the grant recipient. Once discovered, the problem was fixed and the CFSGA system is currently collecting the verifications needed. In addition to the system change the department has also added a manual process where a final review of the assurance information is verified by adding the review to the final approval checklist.*

The IDEA Part B Application collects assurance data for the IDEA program. For FY14 the application did not contain the statement necessary to ensure compliance with the suspended and debarred provision, although none of its recipients were contained on this list. The application has already been enhanced to include this statement and assurance of its compliance. In addition and as part of the administrative review, a manual verification is done by department staff that confirms the attestation of the recipient.

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

Contact Person: Pete Koehler
Chief Deputy Superintendent of Public Instruction
Idaho State Department of Education
650 W. State Street
Boise, ID 83720-0027
Phone Number: 208-332-6814

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 2014-206

The Federal award identification number and Federal awarding agency were not identified to Child Nutrition Cluster, Title I Part A Grants to Local Education Agencies, and Title II Part A Improving Teacher Quality grant subrecipients as required.

CFDA Titles: Child Nutrition Cluster; Title I A – Grants to Local Education Agencies; Title II A – Improving Teacher Quality State Grants
CFDA Numbers: 10.553, 10.555, 10.556, 10.559, 84.010, 84.367
Federal Award Numbers: 13137IDIDN1099, 14147IDIDN1099, S010A110012-11B, S010A120012-12A, S010A130012, S367A110011-11B, S367A120012-12A, S367A130011-13A
Program Years: July 1, 2011 to September 30, 2012; July 1, 2012 to September 30, 2013; July 1, 2013 to September 30, 2014; July 1, 2011 to September 30, 2013; July 1, 2012 to September 30, 2014; July 1, 2013 to September 30, 2015
Federal Agencies: Department of Agriculture; Department of Education
Compliance Requirement: Subrecipient Monitoring
Questioned Costs: None

Type of Finding: Noncompliance and Significant Deficiency

Criteria: The Federal Office of Management and Budget (OMB) issues guidance in the form of circulars applicable to Federal agencies and non-Federal entities. OMB *Circular A-133* describes the non-Federal entity's responsibility for managing Federal assistance programs, including the requirement to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Pass-through entities are responsible for identifying to subrecipients the Federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number; award name and number; if the award is research and development; the name of Federal awarding agency; as well as applicable compliance requirements.

Condition: The Department is a pass-through entity for the Child Nutrition Cluster, Title I Part A Grants to Local Education Agencies (Title I A) and Title II Part A Improving Teacher Quality grant (Title II A) programs.

For the Child Nutrition Cluster the Department uses an internal system called MyIdahoCNP to accept applications for subawards. This system is also used to communicate to subrecipients when awards have been made. Our testing of subawards made in fiscal year 2014 found that the CFDA title and number were included in the award documentation, but the Federal Award Identification Number and Federal Awarding Agency were not included.

Subrecipients use a combined online application system called the Consolidated Federal and State Grant Application to apply for subawards under several U.S. Department of Education grants including the Title I A and Title II A programs. Applications are reviewed and successful applicants are sent an award letter with grant information including the Program Title, CFDA number, and amount allocated. However, the Federal award number was not included in the award letter as required by Federal regulations.

Cause: The Child Nutrition Program staff did not have internal control procedures in place to detect the omission of the Federal Award Identification number and Federal Awarding Agency prior to using the fiscal year 2014 applications and award documentation in the MyIDahoCNP system.

Department staff preparing the Title I A and Title II A award letters were unaware of the requirements to identify the Federal award number to subrecipients. The staff also pointed out that the Federal award number was available to subrecipients on the Division's website through their Single Audit Report Generator.

Effect: The required award information was not communicated to Federal award subrecipients in accordance with Federal regulations.

Recommendation: We recommend that the Department implement internal controls to ensure all required Federal award information is communicated to subrecipients.

Management's View and Corrective Action Plan: *As of this writing, the Child Nutrition program has implemented a new process for displaying the FAIN numbers. Since Child Nutrition programs are entitlements, notifications are done on the MyIdahoCNP application and not on an award letter. As new funding becomes available, notifications including the FAIN number will be displayed on the MyIdahoCNP Message Board. In addition, a composite sheet with both current and historical FAIN numbers will be made available on each recipient's home page within the application.*

To handle notifications of FAIN numbers in the Title I A & Title II A grants, the Department is currently rewriting the GRA and CFSGA applications to provide this information. Both systems will provide this data, along with additional transparency information which will be made available to recipient's program and accounting staff.

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

Contact Person: Pete Koehler
Chief Deputy Superintendent of Public Instruction
Idaho State Department of Education
650 W. State Street
Boise, ID 83720-0027
Phone Number: 208-332-6814

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 2014-207
Significant deficiencies exist in the Department's internal control procedures intended to ensure compliance with the Maintenance of Effort and Earmarking requirements of the Individuals with Disabilities in Education Act (IDEA) grant cluster.

CFDA Title: Individuals with Disabilities in Education (IDEA) Grant Cluster
CFDA Numbers: 84.027, 84.173
Federal Award Numbers: H027A120088-12A, H027A130133-13A, H173A120030, H173A130030
Program Years: July 1, 2012 to September 30, 2013; July 1, 2013 to September 20, 2014
Federal Agency: Department of Education
Compliance Requirements: Matching, Level of Effort, Earmarking
Questioned Costs: None

Type of Finding: Significant Deficiency

Criteria: The Code of Federal Regulations, Title 34, Subtitle B, Chapter 3 contains requirements for states receiving Federal assistance under the Individuals with Disabilities in Education (IDEA) grants. To qualify for grant funds, states and local education agencies (LEAs, i.e. school districts) must meet Maintenance of Effort (MOE) and Earmarking requirements. To meet MOE requirements for a fiscal year, states and LEAs must expend, for the education of children with disabilities, at least the same total or per-capita amount from non-Federal sources as was expended in the prior fiscal year. As part of the monitoring and grant application processes, states must also ensure that LEAs have met MOE requirements for the prior year and budgeted enough to meet requirements in the current year. Earmarking requirements determine the amounts of IDEA funds states can spend on certain activities such as statewide administration and pass-through payments to LEAs.

The Federal Office of Management and Budget (OMB) issues guidance in the form of circulars applicable to Federal agencies and non-federal entities. OMB *Circular A-133* describes the non-Federal entity's responsibility for managing Federal assistance programs, including the requirement to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. A suggested internal control procedure for MOE and Earmarking is the supervisory review of MOE and earmarking activities performed to assess the accuracy and allowability of transactions and determinations at the time reports on Federal awards are prepared.

Condition: Our procedures found several control weaknesses which may allow errors or noncompliance with MOE and Earmarking requirements to occur and remain undetected.

- To determine state compliance with the MOE requirements the Department uses a spreadsheet to compile total spending on the education of children with disabilities at the LEA level and also at other state agencies. This spreadsheet is compiled by multiple people and is reviewed for reasonableness before final submission to the Federal Department of Education, but the review does not include verification of key calculations or data entry.
- To determine LEA compliance with MOE requirements, the Department uses a similar spreadsheet to compile total spending on the education of children with disabilities at the LEA level and compares it to the LEA spending from the prior year. LEAs also submit their budgeted amounts for the upcoming year to demonstrate their ability to comply with the requirements. This spreadsheet is compiled with no review of the data entry or calculations.
- When IDEA funds are awarded the Department uses a spreadsheet to calculate the funds earmarked for specified activities. These calculations are performed by a single individual and no review of the data entry or calculations occurs prior to the earmarked amounts being entered into the Department's accounting and budgeting system.

Cause: The Department makes the information available on their website for LEAs to review and recalculate the amounts if they wish. The Department stated that detailed reviews were not performed because the personnel performing the compilations and calculations were highly experienced and knowledgeable about the processes and detailed reviews were too time consuming for the workload and number of personnel available.

Effect: Our testing found no errors or noncompliance with MOE or earmarking requirements. However, a review only for reasonableness may not detect an error of a magnitude that could affect compliance.

Recommendation: We recommend that the Department design and implement internal control procedures to review MOE and earmarking calculations at a level of detail that would allow errors affecting compliance to be detected and corrected.

Management's View and Corrective Action Plan: *There are three separate processes related to this finding. Process 1: The department creates a spreadsheet with data compiled from LEAs and other entities to determine compliance with state MOE requirements. Process 2: The department creates a spreadsheet to compile spending and budget data from LEAs to compare previous year's support for MOE verification and to demonstrate support for future years. Process 3: A spreadsheet is created to calculate individual allocations to recipients and to set budgets for internal use.*

In each case, the responsibility of the processes falls on a single staff member to compile. The computations were not directly verified by other staff members although in most cases the final outputs were reviewed by others for reasonableness.

The department has implemented the following changes for these processes. Once the data is compiled by the responsible staff member, a random generator will provide a sample set of data to be tested. A separate and qualified staff member will test the selected data for accuracy. Any discrepancies will be followed up on, until the data is deemed accurate. Once verified and signed by the Lester, the spreadsheet will resume its regular flow. Where data is uploaded into the GRA and/ or the IDEA Part B Application, a separate staff member will review the final uploaded data. Discrepancies will be resolved and communications of approval will be documented.

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

Contact Person: Pete Koehler
Chief Deputy Superintendent of Public Instruction
Idaho State Department of Education
650 W. State Street
Boise, ID 83720-0027
Phone Number: 208-332-6814

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.

IDAHO DEPARTMENT OF HEALTH AND WELFARE (Department)

FINDING 2014-208

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
CFDA Numbers: 10.551, 10.561 (SNAP); 93.558, 93.714 (TANF)
Federal Award Numbers: 13137IDID452514, 14147IDID4S2514 (SNAP); 1302IDTANF, 1402IDTANF (TANF)
Program Years: October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
Federal Agencies: Department of Agriculture; Department of Health and Human Services
Compliance Requirement: Period of Availability of Federal Funds
Questioned Costs: Known $433 (SNAP); Known $418,164 (TANF)

Type of Finding: Noncompliance and Significant Deficiency

Related to Prior Findings: 12F-9 and 2013-207

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. Obligations are orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the Department during the same or a future period.

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) – 9 of 62 transactions tested, or 15 percent
- Temporary Assistance for Needy Families Cluster (TANF) – 4 of 68 transactions tested, or 6 percent

We have spoken with the federal grantor regarding this issue, as it was also identified in the prior *Single Audit Report*. They have provided additional criteria for certain programs affected by this process that allowed these expenditures. The Department continues to work with the federal grantor to resolve the remaining issue.

Cause: The Department uses the Financial Information System and Cost Allocation (FISCAL) and it contains data related to the period of availability for each federal grant in a grant control table. The table looks to the start and end dates to ensure that the current date is within the allowed range each time a transaction is processed based on how the transaction is coded by staff using a Program Cost Account (PCA). PCAs direct charges to the grant phase (or fiscal year) based on the dates in the grant control table. Programs may establish new PCAs for each grant phase, or existing PCAs may be rolled forward as the new grant phase begins.

When a PCA is rolled forward, the grant control table in the accounting system is updated with the new period of availability dates. In this situation, staff is not able to direct the charges to the correct grant phase based on the underlying obligation. However, because of the rolling of the PCAs every year in these programs, overall costs may be offset within a specific grant phase. FISCAL does not have an edit check to verify the date the underlying obligation occurred nor is there a process to manually review and adjust transactions to the correct grant phase.

Effect: The Department used funds awarded for federal fiscal year 2014 to pay for obligations incurred prior to the period of availability. The results of testing identified the following known costs charged to the incorrect grant period:

- SNAP – $433
- TANF – $418,164

Due to the nature of these errors, we are unable to project the questioned costs.

Recommendation: We recommend that the Department design and implement procedures to ensure that grant costs are not incurred prior to the period of availability.

Management's View and Corrective Action Plan: *The Department disagrees with this finding. Adopting this recommendation would require the department to transition from a cash accounting basis to an expensive and unnecessary accrual accounting basis. The Department firmly believes federal*

regulations allow cash basis accounting. The federal agencies involved are not requiring Idaho to convert from the current cash-based accounting system, which Idaho and other states have been using since the 1960s. Unfortunately, other states have abused the cash accounting basis in these programs, so the Department can understand the auditors' findings. However, Idaho has accounting safeguards in place to prevent abuse. The Department is working with the federal grantees to explore other approaches to alleviate the concerns of this finding, yet maintain the highly efficient and cost-effective cash-based system currently being used.

Scheduled Completion Date for Corrective Action Plan: The Department disagrees with the finding, and at this time, there is no date of completion.

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 for the identified programs prior to the period of availability. As the Department works with the federal grantor for the programs impacted by this accounting process, we will review documentation provided to resolve the issue.

FINDING 2014-209
Multiple federal programs failed to report subawards as required under the Federal Funding Accountability and Transparency Act.

CFDA Titles: Supplemental Nutrition Program for Women, Infants, and Children (WIC); TANF Cluster; Social Services Block Grant (SSBG); Low-Income Home Energy Assistance Program (LIHEAP)
CFDA Numbers: 10.557 (WIC); 93.558, 93.714 (TANF); 93.667 (SSBG); 93.568 (LIHEAP)
Federal Award Numbers: 13137IDID7W1006, 13137IDID7W1003, 14147IDID7W1006, 14147IDID7W1003 (WIC); 1302IDTANF, 1402IDTANF (TANF); 1301IDSOSR, 1401IDSOSR (SSBG); 13B1IDLIEA, 14B1IDLIEA (LIHEAP)
Program Years: October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014 (WIC, TANF); October 1, 2012 to September 30, 2014; October 1, 2013 to September 30, 2015 (SSBG, LIHEAP)
Federal Agencies: Department of Agriculture; Department of Health and Human Services
Compliance Requirement: Reporting
Questioned Costs: None

Type of Finding: Noncompliance and Significant Deficiency

Related to Prior Year Finding: 12F-13 and 12F-14

Criteria: The Code of Federal Regulations (CFR) (2 CFR part 170) provides guidance to agencies to establish requirements for recipients reporting information on subawards required by the Federal Funding Accountability and Transparency Act of 2006 (FFATA), as amended. As a primary recipient of a federal grant, the Department is required to report each subaward or subaward amendment that results in an

obligation of $25,000 or greater in federal funds no later than the end of the month following the month in which the subaward was made.

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.

Condition: The Department makes subawards to various entities. During fiscal year 2014, multiple subawards were made that exceeded $25,000 for the following federal programs:

- Supplemental Nutrition Program for Women, Infants, and Children
  - 9 subawards in fiscal year 14 totaling $8,200,711
  - 9 FFATA reports submitted in February 2015
- Temporary Assistance for Needy Families Cluster
  - 1 subaward in fiscal year 14 totaling $504,000
  - No FFATA report submitted
- Social Services Block Grant
  - 3 subawards in fiscal year 14 totaling $160,000
  - 2 FFATA reports submitted with inaccurate information
- Low-Income Housing Energy Assistance Program
  - 1 subaward in fiscal year 14 totaling $5,716,000
  - No FFATA report submitted

Overall, reporting does not comply with the Federal Funding Accountability and Transparency Act requirements since obligations were reported late, inaccurately, or not at all in the fiscal year 2014.

Cause: The Department did not design and implement an effective internal control structure to ensure complete, accurate, and timely reporting in accordance with the federal requirements.

Effect: The Department failed to report the subawards made during the fiscal year in a timely manner and in compliance with the FFATA.

Recommendation: We recommend that the Department develop procedures to identify subawards and accurately and timely report the required information according to federal regulations.

Management's View and Corrective Action Plan: *The Department agrees with this finding. The Department has initiated a workgroup, which includes Financial Services, Contracts, and the Division of Health. This group will recommend and develop processes and procedures that will be implemented in SFY 2016 that will bring the Department into compliance with FFATA reporting requirements.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-210

Internal controls over the federal cash draw process did not identify and correct multiple errors in the calculations in a timely manner.

CFDA Titles: Medicaid Cluster; Children's Health Insurance Program (CHIP)
CFDA Numbers: 93.777, 93.778 (Medicaid); 93.767 (CHIP)
Federal Award Numbers: ID20142, ID20143, ID20144, ID20145 (Medicaid); ID20143T21 (CHIP)
Program Year: October 1, 2013 to September 30, 2014
Federal Agency: Department of Health and Human Services
Compliance Requirement: Cash Management
Questioned Costs: None

Type of Finding: Noncompliance and Significant Deficiency

Criteria: The Cash Management Improvement Act of 1990 (CMIA) in the Code of Federal Regulations (CFR), 31 CFR part 205 indicates that the State must minimize the time between the deposit of federal funds and the disbursement of funds for program purposes. The State enters into a Treasury-State Agreement (TSA) with the U.S. Department of the Treasury to set forth terms and conditions for implementing the CMIA. The TSA outlines the funding technique and the clearance pattern to be used for each federal program. Generally, conformance with the TSA assures that the State will not owe the federal government interest and vice versa.

Federal regulations (42 CFR section 433.10) provides for payments on the basis of a federal medical assistance percentage (FMAP) for part of their expenditures for services under an approved state plan. Using these allowable costs, the Medicaid Cluster is reimbursed by the FMAP rate and the Children's Health Insurance Program (CHIP) is reimbursed by the Enhanced FMAP rate.

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. Effective internal controls should include review supporting worksheets to ensure calculations are correct.

Condition: A review of the cash draw calculations found multiple errors. The following errors exceeded $10,000:

- The federal fiscal year 2014 FMAP rate for Medicaid was 71.64 percent and the Enhanced FMAP rate for CHIP) was 80.15 percent. The FMAP and Enhanced FMAP rates in the supporting calculations for drug related cash draws were not updated from the federal fiscal year 2013 rates of 71.0 percent and 79.7 percent. This understated cash draws in the State fiscal year 2014 by $927,209. The error occurred in the second, third, and fourth quarters of the State fiscal year 2014.
- Additional review procedures found that the appropriate CMIA clearance pattern was not used; resulting in understated cash draw amounts on the first day of each thirteen day clearance pattern. The total understatement was $4,401,022; however, all federal funds were collected within the thirteen day time period. The error occurred in the second, third, and fourth quarters of the State fiscal year 2014.

- An error was found in the Medicaid and CHIP School Based Service formula that overstated cash draws by $1,866,002. The error occurred in the second, third, and fourth quarters of the State fiscal year 2014.
- The incorrect FMAP rate was used for the Medicaid and CHIP School Based Service grant that resulted in an understated cash draw of $18,102. The error occurred in the second quarter of the State fiscal year 2014.

The errors above were identified, and the worksheets were corrected by the Department during the State fiscal year 2015.

In addition, errors were identified in the Low-Income Home Energy Assistance Program (LIHEAP) and Child Care Cluster cash draws. Each program had one isolated error below the $10,000 reporting threshold.

The Department performs a cash draw adjustment for each federal program on a regular basis. Reconciliations are completed quarterly to compare the total draws to the federal expenditure information directly from the Department's accounting system. The quarterly reconciliations are completed independently by the budget analysts, while the cash draw calculations are completed by the cash manager. For the Medicaid Cluster and CHIP, the reconciliation amounts are multiplied by the appropriate FMAP rate. The Department then adjusts the cash draw amounts based on this information. While the quarterly cash draw adjustment is sufficient to compensate for the miscalculations, it does not identify specific errors within the spreadsheets used for the daily cash draws. As a result, the errors may continue to occur over a period of time without being corrected.

Cause: Internal controls failed to identify and correct calculation errors in a timely manner. These include using the incorrect FMAP and Enhanced FMAP rates, following incorrect CMIA clearance patterns, and various other formula errors.

Effect: Multiple errors with the cash draw calculations were not detected or corrected in a timely manner resulting in overstated and understated cash draws. The Department was not in compliance with the CMIA when using incorrect FMAP rates, Enhanced FMAP rates, and CMIA clearance patterns. However, because of the quarterly cash draw adjustment, there are no questioned costs associated with the CHIP and Medicaid programs. The errors identified in LIHEAP and the Child Care Cluster were below $10,000.

Recommendation: We recommend that the Department strengthen controls over the cash draw process to ensure compliance with federal regulations and to reduce the risk of further errors in the future. This process should include a complete review of the cash draw worksheets to ensure that the current rates and correct formulas are updated and accurate.

Management's View and Corrective Action Plan: *The Department agrees with this finding and has strengthened internal controls over the cash draw process to ensure compliance with federal regulations and mitigate the risk of future errors.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-211

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; Children's Health Insurance Program (CHIP)
CFDA Numbers: 93.777, 93.778 (Medicaid); 93.767 (CHIP)
Federal Award Numbers: ID20142, ID20143, ID20144, ID20145 (Medicaid); ID20143T21 (CHIP)
Program Year: October 1, 2013 to September 30, 2014
Federal Agency: Department of Health and Human Services
Compliance Requirement: Eligibility
Questioned Costs: Known $14, Likely $76,710 (Medicaid); Known $438, Likely $588,817 (CHIP)

Type of Finding: Noncompliance and Significant Deficiency

Related to Prior Audit Findings: 12F-5 and 2013-217

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.

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 1 of 60 Medicaid and 1 of 60 CHIP transactions reviewed, or two percent for each program, claims were paid on behalf of ineligible clients resulting in improper payments. The claims were processed in the pharmacy claims component of the Medicaid Management Information System (MMIS) for the ineligible Medicaid client and in the medical claims component of MMIS for the ineligible CHIP client.

Cause: The Department utilizes the Idaho Benefit Eligibility System (IBES) in making eligibility determinations and redeterminations and MMIS, comprised of the medical and pharmacy claims components, for processing claims submitted by providers. A daily automated interface uploads changes made within IBES to the components of MMIS. An Alert ID is created when the medical claims component of MMIS is unable to update using the information in IBES. The Alert ID errors are compiled in a daily report and sent from MMIS to IBES to be investigated and resolved.

However, there was no Alert ID or error reporting function for the pharmacy claims component of MMIS until November 2014. As a result, the discrepancy in client eligibility end dates between IBES and the pharmacy claims component was not identified.

In addition, one interface file between the medical claims component of MMIS and IBES was not uploaded for 22 days. At the time of the audit, the Department was unable to identify the reason for this delay.

Effect: Testing identified the following improper payments made to ineligible clients:

- Medicaid Cluster – one claim for $14 projects to $76,710.
- CHIP – one claim for $438 projects to $588,817. This claim amount was subsequently adjusted, but the error and correction were not a result of the internal controls in place during the audit period.

Recommendation: We recommend that the Department improve controls related to the eligibility interface between IBES and the pharmacy claims component of MMIS. We further recommend that the Department complete a reconciliation of eligibility between IBES and the pharmacy claims component. We also recommend that the Department determine why the client termination in IBES was delayed in the medical claims component interface file and develop procedures to prevent future occurrences.

Management's View and Corrective Action Plan: *The Department agrees with this finding. The Department has implemented improvements to reduce eligibility errors. Eligibility information is now sent from the IBES source system to the Base Component of the MMIS, which shares eligibility information with the Magellan pharmacy system. An internal MMIS reconciliation of eligibility information is conducted monthly. An additional monthly reconciliation process is conducted between the MMIS and the source system. Eligibility errors are also addressed throughout the month between all systems. The Department plans to improve timeliness for correcting termination errors by changing reporting for these errors from the end of the month to the beginning of the month.*

The Federal Grantor recognizes that eligibility systems are vastly complex. As a result, Federal Guidance prohibits the Federal Medicaid Agency from recovering overpayments as a result of eligibility errors as long as the State's payment accuracy rate falls within the Federal limits.

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-212

Internal controls over financial reporting for the Medicaid Cluster and Children's Health Insurance Program (CHIP) did not effectively prevent inaccuracies and ensure reports are submitted timely.

CFDA Title: Medicaid Cluster; Children's Health Insurance Program (CHIP)
CFDA Numbers: 93.777, 93.778 (Medicaid); 93.767 (CHIP)

Federal Award Numbers: ID20134, ID20141, ID20142, ID20143, ID20144 (Medicaid); 1205ID5021, 1305ID5021 (CHIP)
Program Years: October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
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.

The quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (CMS-64) is the accounting statement that the Department must submit each quarter in accordance with the Code of Federal Regulations (CFR) (42 CFR section 430.30(c)). The form shows the medical assistance expenditures by categories of service as well as adjustments increasing or decreasing claims for prior quarters.

Regulations under 42 CFR section 457.630(c) require that the Department submit the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program Form (CMS-64) and the Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI Form (CMS-21) no later than 30 days after the end of the quarter.

Condition: The Department identified categories of service within the Medicaid Management Information System (MMIS) that were incorrectly mapped in previous quarters, resulting in a necessary adjustment for the CMS-64 report. One category of service on the report was overstated and another category was understated because of the mapping error. The Department completed no adjustments to correct the report; however, the combined errors had a net zero dollar value.

In addition, two out of four CHIP reports and two out of four Medicaid reports reviewed were submitted more than 30 days after the end of the respective quarters in the State fiscal year 2014.

Cause: The formulas included in the spreadsheet used to compile the CMS-64 report were not properly updated to include all lines of the adjustments. In addition, ineffective internal controls over the reporting process failed to ensure that all reports were correct and submitted in a timely manner according to federal regulations.

Effect: The CMS-64 report for the quarter ended September 30, 2013, included one line that was overstated and another line that was understated by $101,179. Also, federal program reports are consistently submitted after the reporting deadline included in the federal regulations.

Recommendation: We recommend that the Department strengthen internal controls related to the compilation and submission of federal reports. This should include reviews and monitoring to ensure the reports are accurate and submitted timely.

Management's View and Corrective Action Plan: *The Department agrees with this finding. The adjustment from the formula error will be submitted with the next quarterly financial report as a prior period adjustment. In addition, we strengthened our reviews as we complete the quarterly reporting by*

paying significant attention to the formulas. Finally, we will make sure that reports are submitted within 30 days after the end of the quarter.

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-213
Internal controls and review procedures in the Medicaid Cluster and Children's Health Insurance Program (CHIP) failed to identify and correct inconsistencies in the automated interface mapping process between information systems.

CFDA Titles: Medicaid Cluster; Children's Health Insurance Program (CHIP)
CFDA Numbers: 93.777, 93.778 (Medicaid); 93.767 (CHIP)
Federal Award Numbers: ID20134, ID20141, ID20142, ID20143, ID20144 (Medicaid); 1205ID5021, 1305ID5021 (CHIP)
Program Years: October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
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.

The Code of Federal Regulations (CFR) (45 CFR section 92.20) further establishes standards that the financial management systems of the grantee should meet. It requires that accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

Condition: The Department's Financial Information System and Cost Allocation (FISCAL) accounting system utilizes mapping tables that direct transactions to the appropriate accounting codes based on data entered. From the task code and eligibility rate in the Medicaid Management Information System (MMIS), FISCAL assigns the claims to a grant code and task code. In Medicaid, 3 out of 62 transactions tested, or 5 percent, were coded to a grant task in MMIS that mapped to an incorrect grant task in FISCAL. In CHIP, 5 out of 60 transactions tested, or 8 percent, were coded to a grant task in MMIS that mapped to incorrect grant task codes in FISCAL. Task code descriptions between the two systems should be similar.

Cause: The mapping tables in FISCAL were incorrectly established or modified for the transactions tested. The Department's internal controls failed to identify and correct the error in a timely manner.

Effect: The reported claims in one task code for the State fiscal year 2014 was understated by $178,650, while the same amount was overstated in another task code. These errors were reported on the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program Form (CMS-64) with the corresponding understated and overstated amounts.

The amount of CHIP claims on the Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI Form (CMS-21) for a single grant task for the State fiscal year 2014 was overstated by $19,097. There was a combined understatement of the same amount for other CHIP grant tasks.

The Department corrected the mapping errors as of October 1, 2014. Appropriate adjustments were made in FISCAL for the State fiscal year 2015.

Recommendation: We recommend that the Department improve internal controls over the review of the mapping of grant tasks in order to detect errors and make corrections in a timelier manner. Additional scrutiny should be given when new grant tasks are established and when current grant tasks are modified.

Management's View and Corrective Action Plan: *The Department agrees with this finding. The Department will complete a full reconciliation of the Task Code mapping and then will implement an ongoing and periodic reconciliation process.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-214
The coordination of benefits payment configuration for Medicare in the Medicaid Management Information System (MMIS) is incorrect resulting in overpayments for fiscal years 2011 through 2014.

CFDA Title: Medicaid Cluster
CFDA Numbers: 93.777, 93.778
Federal Award Numbers: ID20104, ID20111, ID20112, ID20113, ID20114, ID20121, ID20122, ID20123, ID20124, ID20131, ID20132, ID20133, ID20134, ID20141, ID20142, ID20143, ID20144
Program Years: October 1, 2009 to September 30, 2010; October 1, 2010 to September 30, 2011; October 1, 2011 to September 30, 2012; October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
Federal Agency: Department of Health and Human Services

Compliance Requirement: Allowable Costs/Cost Principles
Questioned Costs: Known $485, Likely $127,879

Type of Finding: Noncompliance and Significant Deficiency

Criteria: The State Plan for the Medicaid program provides the payment methodology which allows Medicare Part A to be paid at the Medicare Rate and Medicare Part B to be paid at the State Plan Rate. The State Plan Rate for Medicare Part B is calculated as the lesser of the Medicaid allowed amount minus the Medicare payment or the Medicare co-insurance and deductible amounts added together.

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.

Condition: Testing identified 2 out of 62 transactions, or 3 percent, that were reimbursed at incorrect amounts. Both claims paid an amount calculated as the Medicare coinsurance and deductible amounts added together. The clients had Medicare Part B, and the claims should have been paid at the State Plan Rate for the outpatient services.

Cause: The new MMIS was configured in June 2010 to pay based on if the claim was a facility (hospitals) claim or non-facility (other providers) claim. The configuration erroneously assumed that all facility claims were Medicare Part A and all non-facility claims were Medicare Part B. This issue was not identified by the Department until 2014, prior to the audit.

Effect: The payment configuration permitted claims to be paid at a higher than allowed rate. Our testing identified $485 in errors, which projects to $127,879. The Department estimates it paid approximately $2.6 million in overpayments annually since 2011.

In addition, the Department is reporting incorrect amounts on the quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (CMS-64) due to the error in the calculation for claims.

The Department is in the process of developing a plan to correct the payment configuration; however, a final plan has not been established and claims continue to be calculated incorrectly.

Recommendation: We recommend that the Department correct the payment configuration to ensure future claims are calculated in compliance with the State Plan. We further recommend that the Department make adjustments to correct the amounts paid in error.

Management's View and Corrective Action Plan: *The Department agrees with this finding. The Federal Medicaid program has approved the Department for a project to improve the processing of Medicare Part B claims. The Department is working with the Federal Medicaid program to resolve the questioned claims.*

Scheduled Completion Date for Corrective Action Plan: To be determined

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-215
Two Medicaid approved providers lacked support to verify continued eligibility to deliver services.

CFDA Title: Medicaid Cluster
CFDA Numbers: 93.777, 93.778
Federal Award Numbers: ID20134, ID20141, ID20142, ID20143, ID20144
Program Years: October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
Federal Agency: Department of Health and Human Services
Compliance Requirement: Special Tests and Provisions #4
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.

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.

According to the Code of Federal Regulations (CFR), providers must be licensed in accordance with federal, state, and local laws, and regulations to participate in the Medicaid program and receive payments (42 CFR section 431.107 and 42 CFR section 447.10). The Medicaid State Plan gives assurance that the Department has a method for verifying providers licensed by the State and that such provider licenses have not expired or have no current limitations (42 CFR section 455.412).

Condition: Support for current licenses was not obtained for 2 of the 60 providers reviewed, resulting in a 3 percent error rate.

Cause: A contract term is entered into the Medicaid Management Information System (MMIS) by provider type. The contract end date prompts the Department to obtain current license information to recertify a provider as eligible. For certain provider types, the Department did not have a procedure in place to obtain the current license for previously enrolled providers as the contract term was not required to be entered into the system. In addition, the established edits within MMIS would not prevent claims from being processed for certain provider types with an expired license.

Effect: Providers were paid when the Department did not have evidence of a current license. The eligibility of the providers is in question without the licensure documentation and may result in improper payments.

Recommendation: We recommend that the Department develop procedures to ensure that the required licenses are obtained for continued eligibility for these provider types. We further recommend that the Department review the provider enrollment instructions to include that all provider types must submit verification of current licenses.

Management's View and Corrective Action Plan: *The Department agrees with this finding. A license is required for the identified provider/type specialty combinations. At the time these licenses were submitted, there was no requirement to enter a term date on the credential or on the provider's contract. When it was discovered that the current license edit did not include all provider types and specialties with licensure requirements, the Department updated enrollment procedures to ensure termination dates were added for all contracts matching the license termination date. This ensures that claims cannot be paid beyond the license termination date.*

A review has recently been completed of all provider enrollment requirements and provider enrollment forms. An automated solution is in development to include edits for all provider types/specialties with licensure requirements.

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-216
The Low-Income Home Energy Assistance Program (LIHEAP) weatherization expenditures exceeded earmarking limits by $1,883,776 for the 2012 grant award.

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 Requirements: Matching, Level of Effort, Earmarking
Questioned Costs: $1,883,776

Type of Finding: Material Noncompliance and Material Weakness

Criteria: The United States Code (USC) (42 USC 8624(k)) states that no more than 15 percent of the greater of the funds allotted or available for a federal fiscal year may be used for low-cost residential

weatherization or other energy-related home repairs for low-income households. The Department can request a waiver to increase this weatherization limit up to 25 percent.

The Code of Federal Regulations (CFR) (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.

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. Effective internal controls should include establishing procedures to ensure all earmarking requirements are met and supporting evidence is properly maintained.

Condition: The Department indicated that the program requested and received the waiver from the federal grantor for the fiscal year 2012 award. However, the Department was unable to produce a copy of the approved waiver. Without the documented waiver, the LIHEAP program is limited to 15 percent of the greater of the funds allotted or available for weatherization expenditures.

The 2012 allotted funds available for the calculation base totaled $19,578,114 and the amount allowed for weatherization expenditures could not exceed 15 percent, or $2,936,717. However, $4,820,493 was spent for weatherization, resulting in excess weatherization expenditures of $1,883,776.

Cause: Documentation of the approved waiver from the federal grantor was not maintained to support the increased earmarking limit. In addition, adequate internal controls and procedures were not in place to ensure compliance with the federal requirements.

Effect: The Department expended $1,883,776 in excess of the earmarking limit of 15 percent without the waiver.

Recommendation: We recommend that the Department improve internal controls to ensure federal grant expenditures comply with federal earmarking regulations. Procedures should include maintaining documentation of applicable waivers from the federal grantor.

Management's View and Corrective Action Plan: *The Department partially agrees with this finding. The Department is certain that the waiver authorizing the additional spending was approved by the Federal Grantor because it is referenced in communications. However, the Department could not locate the document in question and as of the date of this response, the Federal Grantor has not provided the Department with a copy. The Department will follow up with the Federal Grantor to obtain the approved waiver. Additionally, we've improved procedures to ensure future waiver documentation is safeguarded when there is staff turnover.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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. If the Department is able to provide documentation of the waiver for fiscal year 2012, we will review it and determine the impact on the amount of questioned costs. In addition, we will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 214-217

Expenditures were incurred for the Low-Income Home Energy Assistance Program (LIHEAP) that were $140,353 in excess of the carry forward limits established by federal regulations.

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: Period of Availability of Federal Funds
Questioned Costs: $140,353

Type of Finding: Noncompliance and Significant Deficiency

Criteria: The Code of Federal Regulations (CFR) (45 CFR section 96.14) prescribes a maximum of 10 percent of the award amount may be held available for the next fiscal year. In addition, the 45 CFR section 96.81 states that the program is allowed to request an amount to hold available for obligation in the next fiscal year, not to exceed 10 percent of the funds payable to the Department.

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.

Condition: Funds in excess of the 10 percent maximum allowed for the 2012 award were held available for the next fiscal year. The 2012 grant award totaled $19,615,505. The program expended $17,513,601 in federal fiscal year 2012 and carried forward the remaining balance of $2,101,904 to federal fiscal year 2013. Ten percent of the federal award equals $1,961,550; therefore, the amount carried forward and expended in federal fiscal year 2013 exceeded the 10 percent limit allowed by federal regulations.

Cause: Adequate procedures and internal controls were not in place to ensure that no more than 10 percent of the federal award was carried forward to the following fiscal year.

Effect: The Department expended federal fiscal year 2012 grant funds in excess of the amount allowed to be carried forward, resulting in questioned costs of $140,353.

Recommendation: We recommend that the Department improve monitoring procedures to ensure that grant funds in excess of 10 percent are not expended after the period of availability.

Management's View and Corrective Action Plan: *The Department agrees with this finding. We have implemented procedures to prevent exceeding the carryover amount in the future. We believe the amount of the noted finding expenditures is overstated by at least $37,391 (LIHEAP Leveraging Incentive award) since some of the grant finds identified were not subject to the 10% carryover limitation.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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. If the Department is able to provide documentation showing that the identified expenditures of $2,101,904 included obligated Leveraging funds, we will review it and determine the impact on the amount of questioned costs. In addition, we will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-218
The Annual Report on Households Assisted by the Low-Income Home Energy Assistance Program (LIHEAP) lacked adequate support documentation.

CFDA Title: Low-Income Home Energy Assistance Program
CFDA Number: 93.568
Federal Award Number: 13B1IDLIEA
Program Year: October 1, 2012 to September 30, 2014
Federal Agency: Department of Health and Human Services
Compliance Requirement: Reporting
Questioned Costs: None

Type of Finding: Noncompliance and Significant Deficiency

Related to Prior Year Finding: 2013-214

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. Effective internal controls should include establishing procedures to ensure adequate documentation is properly maintained to support amounts and items reported.

The Code of Federal Regulations (CFR) (45 CFR section 96.82) require that, as part of the application for block grant funds each year, the Department of Health and Welfare submit data on the number of households receiving LIHEAP assistance by heating, cooling, crisis, and weatherization. This is done through the Annual Report on Households Assisted by LIHEAP.

Condition: Supporting documentation was not adequate to support the values reported on the Annual Report on Households Assisted by LIHEAP. The prior audit noted that documentation was not retained by the Department or readily available from the contractor. During the current audit, the Department retained the documentation submitted by the contractor for the report; however, the data provided did not agree to the information included on the federal report.

Cause: The internal controls designed to ensure that adequate documentation is maintained to support federal reports were not operating as designed.

Effect: Documentation was maintained for the annual report submitted during the current audit period; however, the reported amounts were not supported by the information retained. As a result, we were unable to verify the accuracy of the report.

Recommendation: We recommend that the Department strengthen internal controls to ensure that adequate documentation is retained that supports amounts presented in federal reports.

Management's View and Corrective Action Plan: *The Department agrees with this finding. After receiving the prior audit finding (2013-214), the Department worked with its contractor to establish internal controls to ensure the maintenance of adequate documentation in accordance with federal program guidance. New control measures were approved by the Department effective the beginning of FFY15. The Department's monitor of the FFY14 year, scheduled spring 2015, will allow us to determine if the approved changes were effective in safeguarding the program from future findings.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-219
Quarterly federal financial reports for the Temporary Assistance for Needy Families (TANF) grant lacked adequate support documentation.

CFDA Title: TANF Cluster
CFDA Numbers: 93.558, 93.714
Federal Award Numbers: 1102IDTANF, 1302IDTANF, 1402IDTANF
Program Years: October 1, 2010 to September 30, 2011; October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
Federal Agency: Department of Health and Human Services
Compliance Requirement: Reporting
Questioned Costs: Not Determinable

Type of Finding: Noncompliance and Significant Deficiency

Related to Prior Year Finding: 2013-213

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.

The instructions provided by the Administration for Children and Families (ACF) for the ACF-196 report references the Code of Federal Regulations (CFR) (45 CFR section 92.3) for the definition of an obligation, which includes 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.

TANF guidelines (45 CFR 265.7(d)) require that the financial report be complete and accurate, meaning that the reported data accurately reflects information available in case records, financial records, and automated data systems.

Condition: Four ACF-196 reports were reviewed. Two reports included unsupported amounts provided as unliquidated obligations and the remaining two reports showed $0 as unliquidated obligations. None of the amounts reported as unliquidated obligations were supported with adequate documentation indicating that the underlying obligation exists.

The amount reported as a transfer from TANF to the Child Care Discretionary Fund (CCDF) on the quarter ended March 31, 2014 report did not agree to supporting documentation. The amount included on the federal report was $3,915,600 while the financial records supported $4,071,227. This is a difference of $155,627.

Cause: It appears that the Department has historically reported what is defined as an unobligated balance as an unliquidated obligation on the report. Adequate internal controls are not in place to ensure appropriate support documentation is available for all information reported.

The amount reported as transferred to CCDF was calculated based on the estimated TANF grant and the amount allowed to be transferred. Each quarter, one fourth of this calculation is added to the cumulative total on the federal reports. The internal controls were not designed to ensure that actual transfers were reported on the ACF-196 report in accordance with federal guidelines.

Effect: The amounts reported on the quarterly federal reports were not adequately supported for unliquidated obligations and unobligated balances.

While the final grant report agrees to the actual amount transferred as supported by the financial records, the interim quarterly reports did not accurately reflect the transfers. In addition, the final report indicated that the Department was in compliance with the maximum transfer amounts allowed during state fiscal year 2014.

Recommendation: We recommend that the Department implement procedures to ensure that federal reports are based on actual expenditures, accurate, supported by adequate documentation, and in compliance with federal regulations.

Management's View and Corrective Action Plan: *The Department agrees with this finding. The Department has implemented a procedure to report actual amounts for the first three Federal quarters rather than estimated amounts. Historically, the Department has reported the remaining balance of TANF as unliquidated obligations, when they should have been reported as unobligated balances. We will revise the report to show balances as unobligated.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-220
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, 93.714
Federal Award Numbers: 1302IDTANF, 1402IDTANF
Program Years: October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
Federal Agency: Department of Health and Human Services
Compliance Requirement: Eligibility; Special Tests and Provisions #2
Questioned Costs: Not Determinable

Type of Finding: Noncompliance and Significant Deficiency

Related to Prior Year Finding: 2013-211

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.

The Code of Federal Regulations (CFR) (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 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 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-reported 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 requirement. The Department requested a federal exemption waiver in response to the related *Single Audit* 2013 finding, but the waiver request was denied. The Department put procedures in place to comply starting July 1, 2014.

Effect: Testing did not identify any payments made for ineligible participants. However, the Department did not comply with federal regulations in a timely manner 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 the policies and procedures comply with federal regulations.

Management's View and Corrective Action Plan: *The Department agrees with this finding. The Federal Grantor denied the Department's waiver request for this requirement from the prior fiscal year finding (2013-211). As a result, the Department implemented a process to obtain unemployment compensation in each of the first three months following any recipient reported loss of employment.*

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

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-221

Foster Care maintenance payment rates were not consistently reviewed in a timely manner as outlined in regulations and policies.

CFDA Title: Foster Care – Title IV-E
CFDA Number: 93.658
Federal Award Numbers: 1301ID1401, 1401ID1401
Program Years: October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
Federal Agency: Department of Health and Human Services
Compliance Requirement: Special Tests and Provisions #1
Questioned Costs: Not Determinable

Type of Finding: 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, federal guidelines for the Foster Care program (42 United States Code (USC) 671(a)(11)) and 45 Code of Federal Regulations (CFR) section 1356.21(m)(1)) require that agencies establish rates for maintenance payments (e.g., payments to foster parents, child care institutions or directly to youth). The agency's plan, approved by the Administration for Children and Families (ACF), provides for periodic reviews of rates for foster care maintenance payments at reasonable, specific, time-limited periods established by the agency to assure the rate's continuing appropriateness for the administration of the program.

Condition: The State Plan for Foster Care establishes a Department policy to review maintenance payment rates on an annual basis. We were unable to obtain evidence of this annual review. In addition, the Department indicated that, while the rates were reviewed and changed for the State fiscal year 2014 in the last legislative session, the rates had not been reviewed for a number of previous years. Also, the policy language is vague as to the procedures that will be used to review and establish the new rates.

Further review of maintenance rates for out-of-state child placements showed that payment amounts are entered manually into iCARE, the Department's database and case management system. After these out-of-state maintenance payments are initially entered, the monthly payments are automatically generated. The maintenance rate manually entered was not updated to reflect the newest rates for those payments established at the beginning of the State fiscal year 2014.

Cause: Adequate procedures were not in place to ensure maintenance payment rates are reviewed as required. Current procedures also failed to adequately train staff on newly implemented maintenance rates for those that are manually entered into the system.

Effect: While foster care maintenance payments were reviewed by staff in the State fiscal year 2014, they were not consistently reviewed in prior years to assure their continued appropriateness. In addition, certain payments were not properly adjusted and were understated. Though the projected error is under $10,000, the lack of monitoring of current payment rates is a significant deficiency in the internal control process.

Recommendation: We recommend that the Department implement internal control procedures to provide for the periodic review and correct implementation of rates for foster care maintenance payments in compliance with the program requirements and the State plan.

Management's View and Corrective Action Plan: *The Department agrees with this finding. The Department updated the policies and procedures for reviewing and documenting foster care rates annually. The updated policy also provides greater detail for the procedures used to establish new rates.*

The Department will also develop procedures to ensure that out-of-state placement payment rates are reviewed and updated as necessary when in-state rates change.

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-222

Supplemental Nutrition Program for Women, Infants, and Children (WIC) formula rebates are not credited to the federal grantor prior to requesting federal funds.

CFDA Title: Supplemental Nutrition Program for Women, Infants, and Children (WIC)
CFDA Number: 10.557
Federal Award Numbers: 13137IDID7W1006, 13137IDID7W1003, 14147IDID7W1006, 14147IDID7W1003
Program Years: October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
Federal Agency: Department of Agriculture
Compliance Requirements: Allowable Costs/Cost Principles; Cash Management
Questioned Costs: None

Type of Finding: Noncompliance and Significant Deficiency

Criteria: The Code of Federal Regulations (CFR) (7 CFR section 3016.21(f)(2)) indicates that the grantee should disburse program income, rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.

Additionally, 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. Effective internal controls should include establishing procedures to ensure cash management requirements are met.

Condition: The Department receives monthly WIC formula rebates. These are evenly distributed over multiple days prior to and after receiving the actual rebate. This process does not allow for the immediate credit to the federal grantor of the full rebate amount against federal expenditures when the rebate is received.

Cause: Internal controls failed to identify a process that is inconsistent with federal regulations. A justification was not immediately available as to why this process was employed rather than recognizing the rebate amounts immediately once received.

Effect: The cash management procedures were not in compliance with federal regulations. During this process, the Department understates daily cash draws before the rebate is received by reducing reimbursable expenditures by the allocation of the rebate not yet received. Once the rebate was received, daily cash draws were overstated by reducing program expenditures by the allocation of the rebate rather than immediately recognizing the full rebate amount. There are no questioned costs associated with the

issue because the process results in the understatements and overstatements offsetting each other during the month.

Recommendation: We recommend that the Department modify the cash management process used to credit WIC rebates to WIC program expenditures in compliance with federal requirements.

Management's View and Corrective Action Plan: *The Department agrees with this finding and will modify our cash management process used to credit WIC rebates against WIC program expenditures to be in compliance with federal requirements.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

FINDING 2014-223
Procedures are not in place to monitor indirect cost rate plans prepared by the subrecipients of the Supplemental Nutrition Program for Women, Infants, and Children (WIC) grant.

CFDA Title: Supplemental Nutrition Program for Women, Infants, and Children (WIC)
CFDA Number: 10.557
Federal Award Numbers: 13137IDID7W1006, 13137IDID7W1003, 14147IDID7W1006, 14147IDID7W1003
Program Years: October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
Federal Agency: Department of Agriculture
Compliance Requirement: Subrecipient Monitoring
Questioned Costs: Not Determinable

Type of Finding: Noncompliance and Significant Deficiency

Related to Prior Audit Finding: 12F-15

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 Compliance Supplement* states that where a local government receives funds as a subrecipient only, the primary recipient will be responsible for negotiation and/or monitoring the subrecipient's indirect cost rate plan.

Condition: The Department makes subawards to seven Idaho public health districts and two Native American Tribal agencies that provide services for WIC. The Department developed policies and procedures in the State fiscal year 2013 and hired staff in the State fiscal year 2014 to be responsible for negotiating and monitoring indirect cost rate plans submitted by the subrecipients. During the State fiscal year 2014, the Department reviewed two plans; however, no additional subrecipients' indirect cost rate plans were negotiated and/or monitored as of December 2014.

Cause: The Department has not completely implemented monitoring procedures regarding a review of indirect cost rate plans for all of the subrecipients.

Effect: The Department failed to negotiate and/or monitor indirect cost rate plans prepared by seven of the nine subrecipients, resulting in an undeterminable amount of questioned costs.

Recommendation: We recommend that the Department continue to implement procedures to negotiate and monitor the indirect cost rate plans prepared by subrecipients.

Management's View and Corrective Action Plan: *The Department disagrees with this finding. During the State Fiscal Year 2014, the condition indicates the Department monitored only two of nine indirect cost rate plans for the tribal agencies and Local Public Health Districts; however documentation has been provided to the Legislative Services Office showing the Department (specifically the WIC Program) monitored five indirect cost rate plans for public health districts and one tribal agency plan. According to Federal Regulations, WIC monitoring must be done once every two years. Since there is an odd number of Districts, the number monitored each year alternates between three and four districts per year. Finally, the WIC program has not been given the ability to negotiate indirect rates with local health departments. Rather, as an agency, DHW accepts and reviews the indirect cost rate plan developed by each health district. The certifications of these plans are collected and reviewed by the Department annually.*

As a final note, the monitoring procedures used by the WIC Program have been approved and deemed sufficient by the federal funding agency. Per the Food and Nutrition Services Financial Management Review dated September 10, 2012: "We agree with the State WIC program's response for obtaining breakout of financial indirect cost information and using it for Local Agency on site reviews". In response to verification of indirect costs on local agency invoices: "We (FNS) find the proposed corrective action by IDDHW acceptable; however, we will need a copy of the tracking sheet with the added column and formula". Monitoring procedures were put into place in Fiscal year 12 by the program and sent with supporting documents to the FNS (Food and Nutrition Services the Federal Grantor).

Scheduled Completion Date for Corrective Action Plan: The Department disagrees with the finding, and at this time, there is no date of completion.

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 is not adequately monitoring the indirect cost rates for the subrecipients. According to the Code of Federal Regulations (CFR) (2 CFR 225,

Appendix E, Section D), when a local government only receives funds as a subrecipient, the primary recipient is responsible for negotiating and/or monitoring the subrecipient's plan. While the Department receives the subrecipient's certifications, the underlying supporting worksheets and other documentation required by federal regulations is not received or reviewed by the Department. In addition, of the monitoring documentation provided by the Department, only those included in the pilot project included procedures to specifically review at least one allocated invoice. We also identified an instance where the invoice selected for review was related to training; however training was not identified as an allocable expenditure per the health district's cost allocation pools. It appears the subrecipient is allocating costs not in accordance with their plan; however, the Department's documentation did not make note of this discrepancy.

FINDING 2014-224
Adequate internal controls are not in place to ensure timely compliance with Social Services Block Grant (SSBG) earmarking requirements.

CFDA Title: Social Services Block Grant
CFDA Number: 93.667
Federal Award Number: 1401IDSOSR
Program Year: October 1, 2013 to September 30, 2014
Federal Agency: Department of Health and Human Services
Compliance Requirement: Matching, Level of Effort, Earmarking
Questioned Costs: None

Type of Finding: Significant Deficiency

Related to Prior Audit Finding: 12F-10

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 reasonable ensure compliance with federal laws, regulations, and program compliance requirements.

The United States Code Title 42 section 604 (d)(3)(A) requires that the Department use Temporary Assistance for Needy Families (TANF) funds transferred to SSBG for programs and services to children or their families whose income meets specific income restrictions.

Condition: The Department utilizes funds transferred from TANF for costs associated with SSBG client's mental health services. Funds are transferred from TANF to SSBG on a quarterly basis. The Behavioral Health Division produces a report for fiscal staff to review that shows that TANF funds are utilized for clients that meet the income restriction requirements. The review of this report helps ensure compliance with earmarking requirements; however, no report was produced during the current audit period. Subsequent to our audit inquiry, a report for the State fiscal years 2013 and 2014 was produced and reviewed in December 2014.

Cause: Internal controls were not in place to ensure a quarterly report is produced and reviewed to help ensure compliance in a timely manner.

Effect: The reports received in December 2014 indicated that the Department was in compliance with transfers made during the State fiscal years 2013 and 2014. No review was completed at the time transfers

were made from TANF to SSBG to ensure that the funds represented expenditures incurred by families whose income met the earmarking income restrictions.

Recommendation: We recommend that the Department strengthen internal controls over earmarking to ensure compliance with grant requirements in a timelier manner.

Management's View and Corrective Action Plan: *The Department agrees with this finding. Beginning with the next adjustment, the Behavioral Health report "CMH FPL Summary" will be automatically provided via e-mail subscription to the FACS budget analyst prior to the quarterly TANF adjustment. The report will document the percentage of Children's Mental Health clients who are TANF eligible and will be attached to the adjustment documents and placed in the grant work paper file folder.*

Scheduled Completion Date for Corrective Action Plan: June 30, 2015

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 will review the status of the Department's corrective action during follow-up procedures completed 90 days after issuance of this report.

IDAHO DEPARTMENT OF LABOR (Department)

FINDING 2014-225

Internal controls over federal procurement, suspension, and debarment compliance did not operate as intended for the Workforce Investment Act Program.

CFDA Title: Workforce Investment Act Cluster
CFDA Numbers: 17.258, 17.259, 17.278
Federal Award Numbers: AA213921155A16, AA229321255A16, AA240891355A16, AA253501455A16, AA213921155A16, AA229321255A16, AA240891355A16, A253501455A16, AA213921155A16, AA229321255A16, AA240891355A16, AA253501455A16
Program Years: July 1, 2011 to June 30, 2017
Federal Agency: Department of Labor
Compliance Requirement: Procurement and Suspension and Debarment
Questioned Costs: None

Type of finding: Noncompliance and Significant Deficiency

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 Department must verify that a party to a covered transaction is not excluded or debarred by checking the System for Award Management (SAM) exclusions list

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 Department policy for maintaining compliance with the federal procurement, suspension, and debarment requirements include a staff member checking the SAM list for each covered transaction.

Condition: During fiscal year 2014, the Department entered into 10 covered transactions. The Department did not review the SAM list for any of the vendors for the covered transactions as required by Department policy. The Department did check the vendors against the SAM list after a request for audit evidence and found that none of the vendors were excluded.

Cause: The Department staff member assigned to check the SAM list was completing other assignments and overlooked the requirement.

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 Department's internal controls, which are intended to ensure compliance, were not properly executed. Testing of fiscal year 2014 transactions revealed 10 vendors that the Department paid a total of $489,000 as part of covered transactions. We cross checked the vendors with the SAM list and found none to be suspended or debarred.

Recommendation: We recommend that the Department follow the control procedures in place for the vendor review to ensure compliance with federal requirements for procurement, suspension, and debarment.

Management's View and Corrective Action Plan: *The SAM list has been reviewed for covered purchases in SFY 2015. The Financial Executive Officer will review covered purchases quarterly and verify the SAM list has been checked. Additionally, in the future, covered purchases will be processed through the Division of Purchasing.*

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

Contact Person: Joni Booth
Financial Executive Office, Accounting
Idaho Department of Labor
317 West Main Street
Boise, ID 83735
208-332-3570 ext. 3165

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 2014-226
The Department did not comply with certain program integrity requirements for the Unemployment Compensation Program.

CFDA Title: Unemployment Insurance
CFDA Number: 17.225
Federal Award Numbers: UI-23888-13-55-A-16, UI-25199-14-55-A-16
Program Years: October 1, 2012 to September 30, 2016

Federal Agency: Department of Labor
Compliance Requirement: Special Tests and Provisions #5
Questioned Costs: None

Type of finding: Noncompliance and Significant Deficiency

Criteria: The United States Trade Adjustment Assistance Extension Act of 2011 includes Public Law No. 112-40 which became effective October 21, 2013. Public Law No. 112-40 was enacted in an attempt to improve program integrity and reduce overpayments related to the Unemployment Compensation Program (UC). A portion of Public Law No. 112-40 requires states to properly identify and handle overpayments, including, as applicable, assessment and deposit of penalties and not relieving employers of charges when their untimely or inaccurate responses cause improper payments.

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.

Idaho Code Section 72-1351B was enacted during 2013. The employment security law added to and amended existing law relating to employment security law to prohibit certain relief from liability relating to benefits paid to a claimant that are subsequently determined to be overpaid.

Condition: During State fiscal year 2014, the Department did not have a process to identify overpayments resulting from employer's untimely or inaccurate responses for information from the Department, as required by Idaho Code Section 72-1351B. The implementation of the Department's iUS system in September 2014 provided the ability to track these overpayments. The Department provided data to show that these overpayments were minimal between September 2014 and January 2015.

Cause: The Department determined that the cost of implementing a process to identify these payments into an old information technology system for a short time period did not outweigh the benefit of tracking the overpayments. Some of the factors included the small number of cases associated with the specific compliance requirement and the preference for focusing the computer programming staff time to the new iUS system versus the system going offline in September 2014.

Effect: The Department did not have proper processes in place to ensure compliance with Idaho Code Section 72-1351B related to overpayments as a result of employer's untimely or inaccurate responses from October 21, 2013 through the end of fiscal year 2014. Based on the absence of the required tracking, improper overpayments may have occurred based on employer's untimely responses to Department requests for information.

Recommendation: We recommend that the Department improve internal controls to ensure compliance with federal requirements for the Unemployment Compensation Program.

Management's View and Corrective Action Plan: *The federal code provision prohibiting the relief from charges to an experience rated employer's account when overpayments are the result of the employer's failure to respond timely or adequately to a request from the Department of Labor for information about a claimant's work history, wages, and reason for separation, Idaho Code 72-1351B became effective 10/21/13.*

Although the exact number of occurrences where the code was not enforced cannot be determined from the period of 10/21/13 through 6/30/14, we can conclude that it was a very limited number of employers based

on a current sampling of the annual peak filing period from 10/1/14 through 12/31/15. The late fall/winter period is historically when the occurrences of filing for U I claims are at their highest.

From 10/1/2014 through 12/31/2015 the Idaho department of labor processed 4562 unemployment claims. Of those 4562 claims, a total of 92 employers had an occurrence where they failed to provide information in a timely fashion. Of those 92, eight were subject to the provision regarding relief from charges because it was their second occurrence. All eight were notified of the determination of chargeability and none of the eight protested. Based on the current numbers, it can be reasonably concluded that the number of potential employers impacted by IDOL's inability to track them was very small. For the period of time sampled, the number of claims that would have been subject to the law would have been .00175 % (8 out of 4562).

The Department has developed a new Unemployment Insurance tax and benefit system, iUS. When Idaho Code 72-1351B went into effect, the iUS project was in final development and it was known that with the implementation of the new system, the employers subject to this new statute would be tracked. Because of limited development resources, there was not enough time or personnel in the information technology bureau to create a separate tracking mechanism in the legacy mainframe system, given the short period of time prior to iUS deployment.

It was with all of these factors in mind that the decision was made to wait for the deployment of iUS to begin tracking the employer reporting requirements applicable to I.C. 72-1351B. Since the implementation of iUS on September 12, 2014, the Department is complying with Idaho Code Section 72-1351B.

Scheduled Completion Date for Corrective Action Plan: September 12, 2014

Contact Person: Joni Booth
Financial Executive Office, Accounting
Idaho Department of Labor
317 West Main Street
Boise, ID 83735
208-332-3570 ext. 3165

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.

IDAHO DIVISION OF VOCATIONAL REHABILITATION (Division)

FINDING 2014-227

Documentation to support the performance of internal control procedures and adherence to compliance requirements could not be provided for the Vocational Rehabilitation grants.

CFDA Titles: Rehabilitation Services - Vocational Rehabilitation Grants to States
CFDA Number: 84.126
Federal Award Numbers: H126A130016, H126A140016
Program Years: October 1, 2012 to September 30, 2013; October 1, 2013 to September 30, 2014
Federal Agency: Department of Education
Compliance Requirements: Allowable Costs/Cost Principles; Procurement and Suspension and Debarment
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 requirements. Evidence of the performance of controls is necessary to determine whether control procedures have been implemented.

The Code of Federal Regulations (CFR) (2 CFR 225, Appendix E, section D(3)) requires each indirect cost rate proposal to include a certification that the proposal has been reviewed and that costs included in this proposal are allowable and allocable to the program in accordance with the requirements of the federal award(s) to which they apply and 2 CFR part 225.

In addition, the CFR (34 CFR 80 Subpart C, section 80.42) generally requires grantees to retain financial and programmatic, supporting documents, and other records for a minimum of three years after the grantee submits its final expenditure report. Documents and supporting records for indirect cost rate proposals are required to be retained for three years from the date of submission to the Federal Government.

Condition: The schedule of adjustments included in the indirect costs rate proposal for State fiscal year 2014 made reference to Exhibit B; however, this exhibit was not included in the proposal packet submitted to the U.S. Department of Education. We also noted that a signed copy of the required certification of the Indirect Cost Rate Proposal (ICRP) was not retained by management, and there was no evidence that the ICRP was reviewed for accuracy prior to its submission.

In addition, in our attempt to test the Division's control procedures to ensure they were not contracting or making subawards to suspended or debarred parties, the Division was not able to provide the report that is run in July comparing vendors against the federal Excluded Parties List System (EPLS).

Cause: The Division experienced turnover in management and staff positions in December 2014. As a result, the current staff was unable to locate documentation or provide evidence of procedures performed by previous staff and compliance requirements.

Effect: We were unable to determine if the Division complied with the requirement to certify the ICRP or whether internal controls were appropriately implemented.

Recommendation: We recommend that the Division retain documentation of compliance and performance of internal control procedures in an organized and known location so that, in the event of expected or unexpected staff turnover, documents may be accessible and retrieved.

Management's View and Corrective Action Plan: *While the Division could not locate a copy of Schedule B or a copy of the signed certification page of the Indirect Cost Rate Proposal (ICRP), the ICRP was accepted and approved by U.S. Department of Education. The U.S. Department of Education would not accept the ICRP without the signed certification. As for Schedule B, it was simply a schedule summarizing numbers from various parts of the ICRP and was not a required schedule.*

The Division could not locate the report that compares vendors against the federal Excluded Parties List System (EPLS), however; the Division does run the report and take action if necessary.

Since the turnover in staff mentioned above, there has been an effort to cross-train others as to where files are kept and how work is to be completed. In addition, the fiscal staff will review what documents need to be saved for internal control documentation and compliance reasons and include a reference to where these documents are filed in their desktop manuals. The Division is also now checking new vendors against the

EPLS and keeping a copy of the printout with the new vendor file. The Division will continue to run the report to check all vendors against the EPLS list annually and document that it was done.

Scheduled Completion Date for Corrective Action Plan: May 31, 2015

Contact Person: Stephen Strong
Fiscal Manager
Division of Vocational Rehabilitation
650 W. State Street Room 150
Boise, ID 83720
208-334-3390

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.

STATE OF IDAHO
SINGLE AUDIT REPORT
SCHEDULE OF PRIOR BASIC FINANCIAL STATEMENTS FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

STATE AGENCY		CURRENT STATUS	PAGE
OFFICE OF THE STATE CONTROLLER			
2013-101	Internal control weaknesses allowed misstatements in the statewide financial statements to go undetected.	Open; Current Finding 2014-101	88
2013-102	Reporting for the Idle pool in the statewide financial statements contains a $27.2 million understatement and a $20.8 overstatement for a net understatement of $6.4 million.	Closed	88
IDAHO DEPARTMENT OF HEALTH AND WELFARE			
2013-103	Hospital assessments of $14.7 million were levied and collected without statutory authority.	Closed	88
2013-104	Financial reporting processes contain significant deficiencies in internal control allowing several errors in various closing packages to go undetected.	Open; Current Finding 2014-104	89
IDAHO STATE TAX COMMISSION			
2013-105	Estimates used to determine the amount of taxes receivable accrued at year-end are not properly evaluated for reliability, resulting in misstatements.	Open; Current Finding 2014-105	89
OFFICE OF THE STATE TREASURER			
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.	Closed	90
2013-107	The Office of the State Treasurer misclassified one security in the Idle Pool investment closing package.	Closed	90

OFFICE OF THE STATE CONTROLLER (Office)

FINDING 2013-101

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

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

Audit Follow-up: The Office has become more conscious of ensuring consistency, accuracy, and completeness when coding and compiling information for the State's *Comprehensive Annual Financial Report (CAFR)*, especially related to coding financial information for entities that receive an outside audit. The Office made changes to the instructions for the compilation process which include comparing prior and current year coding of financial statement line items, reviewing prior errors identified by auditors and Office staff, and examining details of the notes to audited financial statements of entities that are incorporated into the *CAFR*.

In addition, the Office developed a memo to document the general treatment and resolution of classification discrepancies between the audit reports received for the colleges and universities and their respective foundations. The Office has also been in communication with foundation fiscal staff to better understand classification differences encountered between the audits received.

The Office began performing trend analyses over select closing package information during this audit period, in addition to the trend procedures they already complete on the financial statements. However, a significant number of errors, though not material individually or in the aggregate, indicate significant deficiencies in the internal controls over the preparation of the statewide financial statements and note disclosures still exist.

Current Status: Open; repeated as current year Finding 2014-101

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.

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.

Audit Follow-up: The Office held meetings and continues to be in communication with the Office of the State Treasurer to gain a better understanding of their systems, processes, and the information they provide. Additionally, the Office of the State Treasurer obtained an independent audit of the investment pools for fiscal year 2014. The independent audit results were provided to the Office to be included in the statewide *Comprehensive Annual Financial Report* and a mark-to-market adjustment was calculated and completed by the Office. We noted no misstatements or errors.

Current Status: Closed

IDAHO DEPARTMENT OF HEALTH AND WELFARE (Department)

FINDING 2013-103

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

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.

Audit Follow-up: The Department implemented new procedures relating to the review of legislation pertaining to hospital assessments and other areas with potential financial impact to the Department. Review by members of the Department's Administrative Rules Unit is now logged on a tracking document, and proposed legislation is monitored as it moves through the processes involved in becoming law. Additionally, House Bill 561 was passed and signed into law effective March 26, 2014. It removes the fiscal year limitations on the authority to levy and collect hospital assessments.

Current Status: Closed

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

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.

Audit Follow-up: The Department made changes to staff assignments to ensure those staff responsible for duties related to closing package preparation obtained the necessary training. Additionally, new procedures were implemented for tracking progress of assigned tasks related to closing package preparation, such as research of new guidance. However, material errors were still identified during the fiscal year 2014 audit.

Current Status: Open; repeated as current year Finding 2014-104

IDAHO STATE TAX COMMISSION (Commission)

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.

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.

Audit Follow-up: The Commission established a new method of estimating taxes receivable at year-end, based on looking back at the previous five years of collection data, which includes all tax types and collection methods. To implement this new method, the Commission created new reports in their stand alone tax accounting system, GenTax version 6. These reports were intended to enable the Commission to create the estimate and later compare the estimate to the actual amounts collected. The Commission is upgrading GenTax to version 9, which will be completed in fiscal year 2015. Version 9 has greater reporting and user interface capabilities that will streamline the process of creating and verifying the taxes receivable estimate. The new method of creating the taxes receivable estimate, and the additional step of

comparing the estimate to the actual amounts collected, address the recommendation. However, material errors were still identified during the fiscal year 2014 audit.

Current Status: Open; repeated as current year Finding 2014-105

OFFICE OF THE STATE TREASURER (Office)

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.

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.

Audit Follow-up: The first two recommendations were addressed through the enactment of Senate Bill No. 1350 during the 2014 legislative session. This legislation created a State Treasurer Investment Advisory Board (Board). The Board will provide recommendations on the types and kinds of investments made by the State Treasurer as well as investment policies governing the investment of funds by the State Treasurer. As of the issuance of this report, the Board members have been appointed. Meetings of the board will commence after Senate confirmations have been completed. Additionally, the legislation amended Idaho Code Section 67-1210A and added Idaho Code Section 67-1210B to remove securities lending agreements as an allowable investment of the State Treasurer in the future.

Subsequent to completion of the *90-Day Follow-Up Report* issued June 26, 2014, the Office provided documentation to support a completed review of the securities lending transactions for reallocation of assets between investment portfolios directed by the Office. The reviews included analysis of securities lending statements and searches of electronic records including email communications, hard drives, and server archives for topics related to securities lending transactions. The Office determined that there were no further reallocations to report.

Current Status: Closed

FINDING 2013-107

The Office of the State Treasurer misclassified one security in the Idle Pool investment closing package.

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.

Audit Follow-up: The Office obtained an independent audit of the investment pools for fiscal year 2014. The independent audit results were provided to the Office of the State Controller to be included in the statewide *Comprehensive Annual Financial Report* and no misstatements were noted in the presentation included in the statewide financial statements and note disclosures.

Current Status: Closed

STATE OF IDAHO
SINGLE AUDIT REPORT
SCHEDULE OF PRIOR FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

STATE AGENCY		FEDERAL AGENCY	CURRENT STATUS	PAGE
IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED				
2013-201	Federal financial reports for the Vocational Rehabilitation Grants to States are not supported by the Commission's accounting records.	Department of Education	Open; Current Finding 2014-202	96
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	Closed	96
2013-203	Internal controls over federal procurement, suspension, and debarment compliance are not adequately designed or implemented.	Department of Education	Closed	96
IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY				
2013-204	Loan principal forgiveness amounts are not supported by the accounting records.	Environmental Protection Agency	Closed	97
2013-205	The review and approval of timely Federal Funding Accountability and Transparency Act reporting was not properly documented.	Environmental Protection Agency	Closed	97
IDAHO DEPARTMENT OF FISH AND GAME				
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	Closed	97
IDAHO DEPARTMENT OF HEALTH AND WELFARE				
11F-15	Access Idaho invoices contain insufficient documentation to determine allowability to the Child Support Enforcement grant.	Department of Health and Human Services	Closed	98
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 and Human Services	Closed	98
12F-5	Client eligibility errors may go undetected and uncorrected due to insufficient internal controls, resulting in improper payments.	Department of Health and Human Services	Open; Prior Finding 2013-217; Current Finding 2014-211	99
12F-9	Child care costs incurred prior to the period of availability were inappropriately charged to the Child Care grant.	Department of Health and Human Services	Open	99

STATE OF IDAHO
SINGLE AUDIT REPORT
SCHEDULE OF PRIOR FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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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 and Human Services	Open; Current Finding 2014-224	99
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 and Human Services	Open; Current Finding 2014-209	100
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; Current Finding 2014-209	100
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; Current Finding 2014-223	100
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 Department of Health and Human Services	Open; Current Finding 2014-208	101
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	Closed	101
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	Closed	101
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	Closed	102
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	Open; Current Finding 2014-220	102

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FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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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	Closed	102
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	Open; Current Finding 2014-219	103
2013-214	Federal special reports for the Low-Income Home Energy Assistance Program (LIHEAP) lacked support.	Department of Health and Human Services	Open; Current Finding 2014-218	103
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	Closed	103
2013-216	Health and safety requirements are not monitored for In-Home Child Care providers.	Department of Health and Human Services	Closed	103
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	Open; Current Finding 2014-211	104
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	Closed	104
IDAHO DEPARTMENT OF LABOR				
2013-219	Cash draw amounts were not reconciled to federal Unemployment Insurance benefits expenditures.	Department of Labor	Closed	104
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	Closed	105
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	Closed	105
2013-222	Some Benefits Accuracy Measurement (BAM) case files were not available for review.	Department of Labor	Closed	105

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SCHEDULE OF PRIOR FEDERAL FINDINGS AND QUESTIONED COSTS
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STATE AGENCY		FEDERAL AGENCY	CURRENT STATUS	PAGE
IDAHO DIVISION OF VETERANS SERVICES				
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	Closed	105
IDAHO DIVISION OF VOCATIONAL REHABILITATION				
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	Closed	106
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	Closed	106
2013-226	The maintenance of effort federal requirement was not met for the Vocational Rehabilitation Grants to States.	Department of Education	Closed	107

IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED (Commission)

FINDING 2013-201

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

Recommendation: We recommended 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 recommended that the Commission strengthen internal controls over the federal reporting process to ensure compliance with federal reporting requirements.

Audit Follow-up: Our testing of the *Federal Financial Reports (SF-425)* and *the Annual Vocational Rehabilitation Program/Cost Report (RSA-2)* during the fiscal year 2014 Single Audit indicated that amounts reported did not agree to the amounts shown in the Commission's accounting records.

Current Status: Open; repeated as current year Finding 2014-202

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.

Recommendation: We recommended 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).

Audit Follow-up: The Commission has taken steps to improve internal controls over purchase card transactions. All purchase card transactions, regardless of amount, are now reviewed and approved by a supervisor. Our testing during the fiscal year 2014 Single Audit indicated that purchase card transactions are being reviewed and approved and no questionable purchase card transactions were identified.

Current Status: Closed

FINDING 2013-203

Internal controls over federal procurement, suspension, and debarment compliance are not adequately designed or implemented.

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

Audit Follow-up: The Commission has implemented and documented internal controls over federal procurement and suspension and debarment requirements. W-9 forms are obtained from new vendors and vendors are checked against the *Excluded Parties List System (EPLS)* maintained by the General Services Administration at www.sam.gov. A report of Commission vendors receiving 1099-Misc forms is reviewed near the end of the calendar year and vendors who received more than $10,000 are checked against the *EPLS*. In addition, at the end of each fiscal year all vendors who have received more than $10,000 are reviewed against the *EPLS.* The Commission completed and documented these reviews during State fiscal year 2014.

Current Status: Closed

IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY (Department)

FINDING 2013-204
Loan principal forgiveness amounts are not supported by the accounting records.

Recommendation: We recommended 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.

Audit Follow-up: The Department has developed and implemented new procedures to ensure that programmatic requirements are met and accounted for properly. The new procedures include communication between fiscal and program staff, the creation of loan forgiveness tracking spreadsheets, enhancements to the loan system, and a joint review of loan forgiveness status before the preparation of each final financial report.

We observed the enhancements to the loan system, reviewed the new loan forgiveness tracking spreadsheets, and reviewed the electronic communications between fiscal staff and loan program staff documenting a joint review of loan forgiveness status. The new procedures have strengthened internal controls and provide for adequate accounting records of loan principal forgiveness.

Current Status: Closed

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

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

Audit Follow-up: The Department took immediate measures to strengthen and document internal controls over the FFATA reporting process. The Department prints a PDF of the FFATA report when data is entered into the federal reporting system. The report indicates both the loan obligation date and the report month, which enables verification of compliance with FFATA reporting requirements. In addition, a supervisor documents a review of each report, and the reports are stored in the Department's TRIM system.

We reviewed current FFATA reports and verified the implementation of the internal controls which include documenting the review and timing of the reports.

Current Status: Closed

IDAHO DEPARTMENT OF FISH AND GAME (Department)

FINDING 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.

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

Audit Follow-up: The Department has performed a risk assessment and determined that expenditures charged to a federal program near the beginning and end of the contract period are at greater risk of being coded to a contract outside of its period of availability. Based on this risk assessment, the Department has implemented additional reviews of expenditures charged to federal contracts prior to submitting a request for reimbursement to the grantor. The reviews include examining the invoice description field for the inclusion of dates outside of the contract period and reviewing the detail of invoices and supporting documentation to further determine the appropriateness of the contract being charged. Adjustments for errors found are made prior to submitting their request to the grantor for reimbursement and prior to closing the contract.

We were provided with six examples of errors that had been identified and corrected since the completion of the audit period. Using one of the examples provided, we walked through their new process with staff.

The Department has worked with Bonneville Power Administration and has resolved the out-of-period costs. They have re-submitted paperwork to adjust the erroneous charges between contracts, where possible. The unresolved amount of $2,056 has been submitted to Bonneville Power Administration.

Current Status: Closed

IDAHO DEPARTMENT OF HEALTH AND WELFARE (Department)

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 created for the Division of Welfare that provides additional information. It allows the Department staff to review the accuracy of the invoices and the allowability of the items being charged. Adequate details are now provided to help ensure expenditures comply with federal program requirements.

Current Status: Closed

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: The Department implemented procedures that improved internal controls over grant accounting. Procedures require changes to system edit checks to be reviewed and approved by a Bureau Chief and a Program Manager prior to changes being made. Quarterly expenditure reviews are also completed by fiscal and program staff to help ensure the appropriate changes were made.

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: The Department implemented procedures to investigate and resolve Alert ID errors between the medical claims component of MMIS and IBES. However, no Alert ID or error reporting function for the pharmacy claims component of MMIS was implemented until November 2014.

Current Status: Open; previously repeated as Finding 2013-217 and repeated again as current year Finding 2014-211

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: Initially, the Department agreed with this finding; however due to related Single Audit findings in 2013 (2013-207) and 2014 (2014-208), the Department now disagrees with it based on the view taken with the related findings. The Department has received verbal communication from the federal grantor indicating that these expenditures for certain programs were acceptable. This is based on a conference call between the Centers for Medicare and Medicaid Services (CMS), the Administration for Children and Families (ACF), the Department and the Legislative Services Office. As such, the Department continues to work with the federal grantor to resolve this finding.

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 provided documentation that indicates the amounts transferred from TANF for State fiscal years 2013 and 2014 were used for programs or services to children or their families whose income is less than 200% of the official poverty guidelines. However, this report was not produced and reviewed until December 2014, subsequent to our audit inquiry.

Current Status: Open; partially repeated as current year Finding 2014-224

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 Transparency Act in response to this finding. However, procedures have not been implemented to consistently identify subawards and accurately and timely report the required information.

Current Status: Open; repeated as current year Finding 2014-209

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 Transparency Act in response to this finding; however, procedures have not been implemented to consistently identify subawards and accurately and timely report the required information.

Current Status: Open; repeated as current year Finding 2014-209

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 and implemented Fiscal Monitoring Policies and Procedures to address subrecipient monitoring, including the application of the indirect cost rate. Reviews were completed for two subrecipients that included sampling transactions and reviewing invoices to determine if they were allowable costs. The Department receives a document from the subrecipient certifying the indirect cost rate and the pools used in the calculation. However, no underlying support is provided for the indirect rate proposal as required by the Code of Federal Regulations (CFR) (2 CFR 225, Appendix E, Section D). Without this information, the Department is unable to sufficiently negotiate and/or monitor the subrecipient's rate.

Current Status: Open; substantially repeated as current year Finding 2014-223

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

Recommendation: We recommended 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 recommended that the Department contact the federal grantors to resolve the questioned costs.

Audit Follow-up: The Department has received verbal communication from the federal grantor indicating that these expenditures for certain programs were acceptable. This is based on a conference call between the Centers for Medicare and Medicaid Services (CMS), the Administration for Children and Families (ACF), the Department and the Legislative Services Office. As such, the Department continues to disagree with this finding and continues to work with the federal grantor to resolve it.

Current Status: Open; repeated as current year Finding 2014-208

FINDING 2013-208
Federal funds of $96,781 were used inappropriately to meet state matching requirements for the Supplemental Nutrition Assistance Program (SNAP).
Recommendation: We recommended that the Department implement internal control procedures to ensure that only allowable sources are used to meet the matching requirements. We further recommended that the Department contact the federal grantor to resolve the questioned costs.

Audit Follow-up: The Department provided documentation during the current audit period showing that funds were appropriately accounted for through the year-end reporting process. We determined the Department complied with the state matching requirements for this program in fiscal year 2013 and fiscal year 2014.

Current Status: Closed

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.

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

Audit Follow-up: Subsequent to the issuance of the *2013 Single Audit Report*, the Department requested clarification on the use of carryover funds from the federal grantor on April 4, 2014. The federal grantor responded to the Department's request stating that the rule change was applicable to all funds carried over into federal fiscal year 2009, thus supporting that the Department was allowed to spend these funds on salary and other indirect costs.

Current Status: Closed

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.

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. We further recommended that the Department contact the federal grantor to resolve the questioned costs.

Audit Follow-up: The Department revised and clarified their policies and procedures related to contractor reimbursements and contract compliance. The changes adequately addressed the internal control deficiencies previously noted. Current audit fieldwork determined that support documentation for expenditures was adequate to determine compliance with federal program requirements and monitoring procedures were consistently completed.

Current Status: Closed

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.

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

Audit Follow-up: The Department was denied a waiver from the federal grantor, who indicated that the waivers discussed in regulations revolve around alternative reporting methods but do not allow for extended time frames for reporting. The Department implemented a new process effective July 1, 2014 to perform quarterly reviews as required by the federal regulations. The finding will remain open as no changes were implemented during State fiscal year 2014.

Current Status: Open; repeated as current year Finding 2014-220

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.

Recommendation: We recommended 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 recommended that the Department contact the federal grantor to resolve the questioned costs.

Audit Follow-up: The Department implemented additional review procedures to help ensure the correct PCAs are utilized as well as a quarterly budget to actual comparison of the PCAs involved. Based on testing, the current review procedures are adequate to ensure the proper PCA is utilized and errors are prevented or detected and corrected in a timely manner.

Current Status: Closed

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.

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

Audit Follow-up: Current year testing determined that amounts reported on the federal reports for the Child Care Cluster are supported with adequate documentation and this portion of the finding is closed. The amounts included on the TANF report did not agree to support and this portion of the finding remains open.

Current Status: Open; partially repeated as current year Finding 2014-219

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

Recommendation: We recommended 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.

Audit Follow-up: The Department implemented monitoring procedures that included a review of the supporting documentation maintained by the contractor. However, the documentation of the report details maintained by the Department provided during the current audit failed to support the information reported.

Current Status: Open**;** substantially repeated as current year Finding 2014-218

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

Recommendation: We recommended 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 recommended that the Department contact the federal grantor regarding the questioned costs.

Audit Follow-up: The Department has implemented changes to their adjustment procedures to obtain an Employee Certification for payroll adjustments over $25,000. The adjustment in question was substantiated, after the issuance of the 2013 *Single Audit Report*, with an Employee Certification signed in March 2014 for the payroll adjustment related to wages earned during the months of May through September 2012. Based on testing, adequate controls were implemented regarding payroll adjustments.

Current Status: Closed

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

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

Audit Follow-up: The applicable IDAPA rules were updated to be consistent with the State plan and current practices of the Department. The new rules went into effect in March 2014.

Current Status: Closed

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).

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 also recommended 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.

Audit Follow-up: The Department implemented procedures to investigate and resolve Alert ID errors between the medical claims component of MMIS and IBES. However, no Alert ID or error reporting function for the pharmacy claims component of MMIS was implemented until November 2014.

Current Status: Open; repeated as current year Finding 2014-211

FINDING 2013-218
Children's Health Insurance Program (CHIP) performance bonus funding of $785,015 was expended on unallowable costs.

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

Audit Follow-up: The Department has received communication from the federal grantor indicating that, if it could demonstrate that the funds were not used for matching purposes, the incurred expenditures would be an acceptable use of the funds. The federal grantor has received acceptable documentation and recommends that the finding be closed.

Current Status: Closed

IDAHO DEPARTMENT OF LABOR (Department)

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

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: The Department has implemented new policies and procedures relating to federal cash draws. The Department performs monthly reconciliations for the UI program to help ensure federal funds drawn down do not exceed federal expenditures. Audit procedures completed during the 2014 Single Audit indicated that the policies and procedures were implemented and that the reconciliations were performed on a timely basis.

Current Status: Closed

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.

Recommendation: We recommended 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.

Audit Follow-up: The Department has provided more training to the individuals compiling the reports. In addition, the Department now has an individual designated to compile the reports and a separate supervisor designated to review and approve the reports. Testing performed during the 2014 Single Audit indicated that the additional training along with the implementation of internal controls was effective.

Current Status: Closed

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.

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

Audit Follow-up: The Department has updated their policies for preparing the SEFA. Testing performed during the 2014 Single Audit indicated that the implementation of the new SEFA preparation policies was effective.

Current Status: Closed

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

Recommendation: We recommended 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.

Audit Follow-up: The Department has policies in place that prevent the completion of a BAM case file without the creation of an electronic backup file and a review completed by the BAM supervisor. Testing performed during the 2014 Single Audit indicated that the implementation of the new procedures was effective.

Current Status: Closed

IDAHO DIVISION OF VETERANS SERVICES (Division)

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.

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

Audit Follow-up: The Division compiles a monthly report to calculate the cost of care related to the grant. The report is submitted to the Veterans Administration (VA) to receive per diem payments under the grant. The Division uses an Excel spreadsheet to create the monthly report and codes the hotline donation payments to a Program Cost Account (PCA) to specifically identify them as unallowable costs. The spreadsheet includes a line for the PCA and a formula to remove it from the monthly cost of care. The Division has added an additional review of the cost of care calculations, including the amounts and formulas in the spreadsheet, prior to completing the monthly report.

A hotline donation payment reviewed was correctly identified through these procedures and excluded from the cost of care calculation during fiscal year 2014. In addition, 2014 cost of care calculations were tested, and no errors were identified.

Current Status: Closed

IDAHO DIVISION OF VOCATIONAL REHABILITATION (Division)

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.

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: The Division has made significant improvements over the last few years in their use of the statewide accounting and reporting system (STARS) to accurately track and account for federal expenditures by specific grant awards. They are now utilizing reports and data generated from STARS to complete their *Federal Financial Reports (SF-425)*. Financial information included in the *Annual Vocational Rehabilitation Program/Cost Report (RSA-2)* is now based on STARS data; however, non-financial client information is still taken from their case management system. Our testing determined performed for the 2014 Single Audit indicates that the Division's financial reports were adequately reviewed prior to being submitted and are supported by the accounting records.

Current Status: Closed

FINDING 2013-225

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 the CFR (2 CFR Part 225). We further recommended 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.

Audit Follow-up: The Division has reassigned the duties related to the indirect cost rate application and cash draw calculations. The assigned staff member is knowledgeable and adequately trained to properly complete the tasks. Cash draw calculations are now reviewed and approved prior to being submitted. During our 2014 Single Audit we reviewed the calculation of federal cash draws and determined the indirect cost rate was appropriately applied.

Current Status: Closed

FINDING 2013-226
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: The Division feels the ability to meet their maintenance of effort is dependent on the appropriations granted from the Legislature and they continue to advocate for adequate general fund appropriations during the budgeting process. In addition, fiscal staff monitors compliance and strive to comply with the federal requirements. The Division met the required maintenance of effort in federal fiscal year 2013.

Current Status: Closed