



State of Idaho Single Audit Report

Fiscal Year 2024



Terri Kondeff
Director

Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

December 18, 2025

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

We are pleased to submit the statewide *Single Audit Report* of the State of Idaho covering the fiscal year ended June 30, 2024. This report complies with the audit requirements placed on the State of Idaho as a condition for receiving and expending \$5,399,698,594 in federal assistance (colleges and universities, and Idaho Housing and Finance Association are reported separately).

Idaho is tasked with administering its federal funds in compliance with applicable laws and regulations. Questioned costs for fiscal year 2024 totaled \$2,393,941 known and \$2,051,295 projected.

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.

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

Paul Headlee, Deputy Director
Legislative Services Office

Matt Drake, Manager
Research & Legislation

Keith Bybee, Manager
Budget & Policy Analysis

April Renfro, Manager
Legislative Audits


Norma Clark, Manager
Information Technology

This document contains the following reports and schedules:

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

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

Sincerely,

A handwritten signature in black ink that reads "April Renfro". The signature is written in a cursive, flowing style.

April Renfro, CPA
Legislative Auditor

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

TABLE OF CONTENTS

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 <i>Government Auditing Standards</i>	1
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by <i>Uniform Guidance</i>	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	
Schedule of Expenditures of Federal Awards by Federal Agency	8
Notes to Schedule of Expenditures of Federal Awards	19
AUDITOR’S RESULTS	
Summary of Auditor’s Results	22
Schedule of Basic Financial Statements Findings	24
Basic Financial Statements Findings	26
Schedule of Federal Findings and Questioned Costs	59
Federal Findings and Questioned Costs	64
MANAGEMENT’S BASIC FINANCIAL STATEMENTS FINDINGS CORRECTIVE ACTION PLAN	137
MANAGEMENT’S FEDERAL FINDINGS CORRECTIVE ACTION PLAN	151
SCHEDULES OF PRIOR FINDINGS	
Schedule of Basic Financial Statements Prior Findings	176
Schedule of Federal Prior Findings and Questioned Costs	177
MANAGEMENT’S FOLLOW-UP FOR PRIOR FINDINGS	
Follow-up for Basic Financial Statements Prior Findings.....	181
Follow-up for Federal Prior Findings and Questioned Costs	188



Terri Kondeff
Director

Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

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*

September 18, 2025

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise State of Idaho's basic financial statements, and have issued our report thereon dated September 4, 2025. Our report includes a reference to other auditors who audited the financial statements of the following entities as described in our report on the State of Idaho's financial statements:

- | | |
|--|---|
| Idaho State Bar | Idaho Lottery |
| Idaho Bond Bank Authority | Idaho Potato Commission |
| Idaho State Building Authority | Public Employee Retirement System of Idaho |
| Idaho Dairy Products Commission | Idaho State Treasurer – Assets Under Management |
| Idaho Endowment Fund Investment Board | Idaho Wheat Commission |
| Idaho Fish and Wildlife Foundation | Lewis-Clark State College and component unit |
| Idaho Health Insurance Exchange | Boise State University and component unit |
| Idaho Small Employer Health Reinsurance Program | Idaho State University and component unit |
| Idaho Individual High Risk Reinsurance Pool | University of Idaho and component unit |
| Idaho Housing and Finance Association and component unit | |

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Boise State University Foundation and Idaho State University Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Paul Headlee, Deputy Director
Legislative Services Office

Matt Drake, Manager
Research & Legislation

Keith Bybee, Manager
Budget & Policy Analysis

April Renfro, Manager
Legislative Audits

Norma Clark, Manager
Information Technology

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Basic Financial Statement Findings to be material weaknesses: 2024-100, 2024-101, 2024-102, 2024-103, 2024-106, 2024-111, 2024-112, 2024-113, 2024-114, 2024-116, and 2024-118.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Basic Financial Statement Findings to be significant deficiencies: 2024-104, 2024-105, 2024-107, 2024-108, 2024-109, 2024-110, 2024-115, and 2024-117.

Compliance and Other Matters

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

State of Idaho's Response to Findings

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

Purpose of this Report

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

Sincerely,



April Renfro, CPA
Legislative Auditor



Terri Kondeff
Director

Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

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

December 18, 2025

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the State of Idaho's compliance with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the State of Idaho's major federal programs for the year ended June 30, 2024. The State of Idaho's major federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs.

The State of Idaho's basic financial statements include the operations of the Idaho Housing and Finance Association, Boise State University, Idaho State University, Lewis-Clark State College, and the University of Idaho, which received \$5,264,850,548 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2024. Our audit, described below, did not include the operations of Boise State University, Idaho State University, Lewis-Clark State College, University of Idaho, and Idaho Housing and Finance Association because these entities engaged other auditors to perform an audit in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Qualified Opinion on the Coronavirus State and Local Fiscal Recovery Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) funding for the year ended June 30, 2024.

Qualified Opinion on the Child Care and Development Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Child Care and Development Fund (CCDF) for the year ended June 30, 2024.

Paul Headlee, Deputy Director
Legislative Services Office

Matt Drake, Manager
Research & Legislation

Keith Bybee, Manager
Budget & Policy Analysis

April Renfro, Manager
Legislative Audits

Norma Clark, Manager
Information Technology

Qualified Opinion on the Rehabilitation Services - Vocational Rehabilitation Grants to States

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Rehabilitation Services - Vocational Rehabilitation Grants to States funding for the year ended June 30, 2024.

Qualified Opinion on the Medicaid Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Medicaid Cluster for the year ended June 30, 2024.

Qualified Opinion on the Drinking Water State Revolving Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Drinking Water State Revolving Fund for the year ended June 30, 2024.

Qualified Opinion on the Clean Water State Revolving Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Clean Water State Revolving Fund for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Idaho complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State of Idaho and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the State of Idaho's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on the Coronavirus State and Local Fiscal Recover Funds.

As described in the accompanying schedule of findings and questioned costs, the State of Idaho did not comply with requirements regarding Assistance Listing 21.027, Coronavirus State and Local Fiscal Recovery Funds as described in finding number 2024-216 for Reporting.

Matter(s) Giving Rise to Qualified Opinion on the Child Care Development Fund

As described in the accompanying schedule of findings and questioned costs, the State of Idaho did not comply with requirements regarding Assistance Listing 93.575 and 93.596, Child Care Development Fund as described in finding number 2024-224 for Reporting.

Matter(s) Giving Rise to Qualified Opinion on the Rehabilitation Services - Vocational Rehabilitation Grants to States

As described in the accompanying schedule of findings and questioned costs, the State of Idaho did not comply with requirements regarding Assistance Listing 84.126, Rehabilitation Services - Vocational Rehabilitation Grants to States as described in finding numbers 2024-202 for Allowable Costs/Cost Principles; 2024-200 and 2024-238 for Matching, Level of Effort, Earmarking; 2024-203, 2024-204, 2024-240 and 2024-241 for Procurement and Suspension and Debarment; and 2024-201 and 2024-237 for Reporting.

Matter(s) Giving Rise to Qualified Opinion on the Medicaid Cluster

As described in the accompanying schedule of findings and questioned costs, the State of Idaho did not comply with requirements regarding Assistance Listing 93.777 and 93.778, Medicaid Cluster as described in finding numbers 2024-217 and 2024-226 for Special Tests and Provisions and 2024-219 for Eligibility.

Matter(s) Giving Rise to Qualified Opinion on the Drinking Water State Revolving Fund

As described in the accompanying schedule of findings and questioned costs, the State of Idaho did not comply with requirements regarding Assistance Listing 66.468, Drinking Water State Revolving Fund as described in finding number 2024-212 for Allowable Costs/Cost Principles.

Matter(s) Giving Rise to Qualified Opinion on the Clean Water State Revolving Fund

As described in the accompanying schedule of findings and questioned costs, the State of Idaho did not comply with requirements regarding Assistance Listing 66.458, Clean Water State Revolving Fund as described in finding number 2024-212 for Allowable Costs/Cost Principles.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State of Idaho's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above have occurred, whether due to fraud or error, and express an opinion on the State of Idaho's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State of Idaho's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Uniform Guidance*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State of Idaho's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the State of Idaho's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the State of Idaho's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance that are required to be reported in accordance with the *Uniform Guidance* and which are described in the accompanying Schedule of Federal Findings and Questioned Costs as items 2024-206, 2024-207, 2024-210, 2024-211, 2024-213, 2024-214, 2024-215, 2024-218, 2024-220, 2024-222, 2024-223, 2024-230, 2024-231, 2024-232, 2024-233, 2024-235, 2024-236, and 2024-243. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the State of Idaho's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State of Idaho's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of Federal Findings and Questioned Costs as items 2024-200, 2024-201, 2024-202, 2024-203, 2024-204, 2024-205, 2024-211, 2024-212, 2024-213, 2024-214, 2024-216, 2024-217, 2024-218, 2024-219, 2024-220, 2024-221, 2024-224, 2024-226, 2024-227, 2024-228, 2024-229, 2024-237, 2024-238, 2024-239, 2024-240, and 2024-241 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 2024-206, 2024-207, 2024-208, 2024-209, 2024-210, 2024-215, 2024-222, 2024-223, 2024-225, 2024-230, 2024-231, 2024-232, 2024-233, 2024-234, 2024-235, 2024-236, 2024-242, 2024-243, and 2024-244 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State of Idaho's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State of Idaho's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho as of and for the year ended June 30, 2024, 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 September 4, 2025, which contained qualified opinions on those financial statements. The qualification was due to management not maintaining adequate records or supporting documentation for reporting Pooled Cash and Investments, Restricted Cash and Cash Equivalents, and related equity accounts and lack of reconciliations to verify those amounts were supported by bank statements and correctly reported in the financial statements. In addition, prior period adjustments made to correct equity accounts related to amounts previously reported in Pooled Cash and Investments and Restricted Cash and Cash Equivalents were not supported with appropriate and adequate documentation. This matter did not have an effect on the amounts reported in the Schedule of Expenditures of Federal Awards. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *Uniform Guidance* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sincerely,



April Renfro, CPA
Legislative Auditor

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SCHEDULE 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, 2024

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
DEPARTMENT OF AGRICULTURE						
SNAP CLUSTER						
10.551	Supplemental Nutrition Assistance Program (SNAP)	Health and Welfare, Department of	\$273,730,861	NC		
10.551	Supplemental Nutrition Assistance Program (SNAP)	Health and Welfare, Department of	7,176,044	NC, COVID-19		
	Total 10.551		<u>\$280,906,905</u>			
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Health and Welfare, Department of	\$11,669,288		\$989,113	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Health and Welfare, Department of	10,551	COVID-19		
	Total 10.561		<u>\$11,679,839</u>		<u>\$989,113</u>	
	TOTAL SNAP CLUSTER		<u>\$292,586,744</u>		<u>\$989,113</u>	
CHILD NUTRITION CLUSTER						
10.553	School Breakfast Program (SBP)	Public School Support	\$14,476,294		\$14,476,294	
10.555	National School Lunch Program (NSLP)	Public School Support	6,410,956	NC	6,346,414	NC
10.555	National School Lunch Program (NSLP)	Public School Support	57,106,257		57,106,257	
	Total 10.555		<u>\$63,517,213</u>		<u>\$63,452,671</u>	
10.556	Special Milk Program for Children (SMP)	Public School Support	\$19,926		\$19,926	
10.559	Summer Food Service Program for Children (SFSPC)	Public School Support	3,296,400		3,296,400	
10.559	Summer Food Service Program for Children (SFSPC)	State Department of Education	257,924			
	Total 10.559		<u>\$3,554,324</u>		<u>\$3,296,400</u>	
10.582	Fresh Fruit and Vegetable Program	Public School Support	\$2,567,806		\$2,567,806	
10.582	Fresh Fruit and Vegetable Program	State Department of Education	39,185			
	Total 10.582		<u>\$2,606,991</u>		<u>\$2,567,806</u>	
	TOTAL CHILD NUTRITION CLUSTER		<u>\$84,174,748</u>		<u>\$83,813,097</u>	
FOOD DISTRIBUTION CLUSTER						
10.565	Commodity Supplemental Food Program	Aging, Commission on	\$186,427		\$171,547	
10.568	Emergency Food Assistance Program (Administrative Costs)	Health and Welfare, Department of	438,481		415,339	
10.568	Emergency Food Assistance Program (Administrative Costs)	Health and Welfare, Department of	139,612	COVID-19	137,004	COVID-19
	Total 10.568		<u>\$578,093</u>		<u>\$552,343</u>	
10.569	Emergency Food Assistance Program (Food Commodities)	Health and Welfare, Department of	\$7,495,069	NC		
	TOTAL FOOD DISTRIBUTION CLUSTER		<u>\$8,259,589</u>		<u>\$723,890</u>	
NON-CLUSTERED PROGRAMS						
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, Department of	\$530,660		\$113,160	
10.069	Conservation Reserve Program	Fish and Game, Department of	57,354			
10.093	Voluntary Public Access & Habitat Incentive Program	Fish and Game, Department of	77,721			
10.162	Inspection Grading and Standardization	Agriculture, Department of	8,474			
10.163	Market Protection and Promotion	Agriculture, Department of	24,600			
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	1,084,807		573,234	
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	1,339,033	COVID-19	1,112,995	COVID-19
	Total 10.170		<u>\$2,423,840</u>		<u>\$1,686,229</u>	
10.182	Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	Health and Welfare, Department of	\$15,737			
10.187	The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds	Health and Welfare, Department of	81,678		\$81,678	
10.525	Farm and Ranch Stress Assistance Network Competitive Grants Program	Agriculture, Department of	139,034	COVID-19		
10.541	Child Nutrition Technology Innovation Grant	Public School Support	159,322		159,322	
10.541	Child Nutrition Technology Innovation Grant	State Department of Education	99,644			
	Total 10.541		<u>\$258,966</u>		<u>\$159,322</u>	
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Health and Welfare, Department of	\$33,311,668		\$5,938,594	
10.558	Child and Adult Care Food Program (CACFP)	Public School Support	7,641,738		7,641,738	
10.558	Child and Adult Care Food Program (CACFP)	State Department of Education	130,071			
	Total 10.558		<u>\$7,771,809</u>		<u>\$7,641,738</u>	
10.560	State Administrative Expenses for Child Nutrition	State Department of Education	\$1,547,026			
10.579	Child Nutrition Discretionary Grants Limited Availability	Public School Support	278,763		\$278,763	
10.579	Child Nutrition Discretionary Grants Limited Availability	State Department of Education	34			
	Total 10.579		<u>\$278,797</u>		<u>\$278,763</u>	
10.645	Farm to School Grants (ARPA)	State Department of Education	\$90,420	COVID-19		
10.649	Pandemic EBT Administrative Costs	Health and Welfare, Department of	38,945	COVID-19		
10.664	Cooperative Forestry Assistance	Historical Society, Idaho State	5,124			
10.664	Cooperative Forestry Assistance	Lands, Department of	4,682,171		\$2,523,557	
	Total 10.664		<u>\$4,687,295</u>		<u>\$2,523,557</u>	
10.676	Forest Legacy Program	Lands, Department of	\$208,522		\$14,500	
10.678	Forest Stewardship Program	Lands, Department of	178			
10.680	Forest Health Protection	Agriculture, Department of	84,760		84,760	
10.697	State and Private Forestry Hazardous Fuel Reduction Program	Lands, Department of	926,623		813,857	
10.698	State and Private Forestry Cooperative Fire Assistance	Lands, Department of	187,874		108,258	
10.720	Infrastructure Investment and Jobs Act Community Wildfire Defense Grants	Lands, Department of	227			
10.724	Wildfire Crisis Strategy Landscapes	Fish and Game, Department of	150,840			
10.724	Wildfire Crisis Strategy Landscapes	Lands, Department of	\$754,401			
	Total 10.724		<u>\$905,241</u>			

* Type of assistance other than direct cash. NC=non-cash; PT=pass-through; R&D=Research and Development; COVID-19=COVID-19 related expenditures (CARES Act, ARPA, etc.)

The accompanying notes are an integral part of this schedule.

**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
10.902	Soil and Water Conservation	Agriculture, Department of	\$57,012			
10.902	Soil and Water Conservation	Lands, Department of	96,169			
	Total 10.902		<u>\$153,181</u>			
10.912	Environmental Quality Incentives Program	Lands, Department of	\$19,608			
10.931	Agricultural Conservation Easement Program	Fish and Game, Department of	120,132			
10.U04	Miscellaneous Forest Service Grants	Fish and Game, Department of	206,942			
10.U28	Federal-State Inspection of Fresh Fruits, Veg, and other products	Agriculture, Department of	11,729			
10.U32	USDA Veterinary Services Agreement for Brucellosis Testing	Agriculture, Department of	20,110			
10.U33	Forest Service Aquatic Invasive Species Prevention	Agriculture, Department of	18,881			
10.U36	Forest Service Challenge Cost Sharing	Agriculture, Department of	8,100			
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$54,216,132</u>		<u>\$19,444,415</u>	
	TOTAL DEPARTMENT OF AGRICULTURE		<u>\$439,237,212</u>		<u>\$104,970,515</u>	
	DEPARTMENT OF COMMERCE					
	ECONOMIC DEVELOPMENT CLUSTER					
11.307	EDA Grant - Economic Adjustment Assistance	Commerce, Department of	\$765,235	COVID-19	\$421,485	COVID-19
11.307	EDA Grant - Economic Adjustment Assistance	Parks and Recreation, Department of	91,279	COVID-19		
	TOTAL ECONOMIC DEVELOPMENT CLUSTER		<u>\$856,514</u>		<u>\$421,485</u>	
	NON-CLUSTERED PROGRAMS					
11.032	State Digital Equity Planning Grant	Libraries, Idaho Commission for	\$129,769			
11.035	Broadband Equity, Access, and Deployment Program	Commerce, Department of	1,160,520			
11.436	Columbia River Fisheries Development Program	Fish and Game, Department of	1,189,528			
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Fish and Game, Department of	242,699			
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Species Conservation, Office of	5,046,880		\$1,411,572	
	Total 11.438		<u>\$5,289,579</u>		<u>\$1,411,572</u>	
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$7,769,396</u>		<u>\$1,411,572</u>	
	TOTAL DEPARTMENT OF COMMERCE		<u>\$8,625,910</u>		<u>\$1,833,057</u>	
	DEPARTMENT OF DEFENSE					
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality, Department of	\$178,308			
12.400	Military Construction, National Guard	Military, Division of	6,070,225			
12.401	National Guard Military Operations and Maintenance Projects	Military, Division of	53,721,224			
12.404	National Guard ChalleNGe Program	Military, Division of	5,512,055			
	Pass-Through From Non-State Entities					
12.U29	Watercraft Inspection Station Program	Agriculture, Department of	1,528,300	PT		
	Pacific States Marine Fisheries Commission; PSMFC. Award # 20-104P (Prime Award # W68SBV00164077)					
12.U31	Aquatic Invasive Species Monitoring	Agriculture, Department of	47,341	PT		
	Pacific States Marine Fisheries Commission; PSMFC Award # 20-145P (Prime Award # W68SBV00766915)					
12.U34	Idaho Flowering Rush	Agriculture, Department of	12,772	PT		
	Pacific States Marine Fisheries Commission; PSMFC Award # 24-003P (Prime Award # W68SBV30550741)					
	TOTAL DEPARTMENT OF DEFENSE		<u>\$67,070,225</u>			
	HOUSING AND URBAN DEVELOPMENT					
14.171	Manufactured Home Dispute Resolution	Occupational and Professional Licenses, Division of	\$37,861			
14.228	Community Development Block Grants/State's Program	Commerce, Department of	7,259,351		\$7,003,809	
14.228	Community Development Block Grants/State's Program	Commerce, Department of	1,269,587	COVID-19	1,196,591	COVID-19
	Total 14.228		<u>\$8,528,938</u>		<u>\$8,200,400</u>	
	TOTAL HOUSING AND URBAN DEVELOPMENT		<u>\$8,566,799</u>		<u>\$8,200,400</u>	
	DEPARTMENT OF THE INTERIOR					
	FISH AND WILDLIFE CLUSTER					
15.605	Sport Fish Restoration	Fish and Game, Department of	\$7,593,066			
15.611	Wildlife Restoration and Basic Hunter Education	Fish and Game, Department of	16,797,795		\$236,148	
15.626	Enhanced Hunter Education and Safety	Fish and Game, Department of	50,655			
	TOTAL FISH AND WILDLIFE CLUSTER		<u>\$24,441,516</u>		<u>\$236,148</u>	
	NON-CLUSTERED PROGRAMS					
15.015	Good Neighbor Authority	Lands, Department of	\$72,253			
15.130	Indian Education Assistance to Schools	Public School Support	65,280		\$65,280	
15.224	Cultural and Paleontological Resource Management	Historical Society, Idaho State	29,200			
15.225	Recreation and Visitor Services	Fish and Game, Department of	2,978			
15.228	BLM Fuels Management and Community Fire Assistance Program	Transportation Department, Idaho	92,149			
15.233	Forests and Woodlands Resource Management	Lands, Department of	14,062			
15.247	Wildlife Resource Management	Fish and Game, Department of	56,151			
15.517	Fish & Wildlife Coordination Act	Fish and Game, Department of	22,577			
15.517	Fish and Wildlife Coordination Act	Species Conservation, Office of	312,156		312,156	
	Total 15.517		<u>\$334,733</u>		<u>\$312,156</u>	

* Type of assistance other than direct cash. NC=non-cash; PT=pass-through; R&D=Research and Development; COVID-19=COVID-19 related expenditures (CARES Act, ARPA, etc.)

The accompanying notes are an integral part of this schedule.

STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
15.524	Recreation Resources Management	Parks and Recreation, Department of	\$420,475			
15.560	SECURE Water Act - Research Agreements	Fish and Game, Department of	54,498			
15.608	Fish and Aquatic Conservation – Aquatic Invasive Species	Agriculture, Department of	239,777			
15.608	Fish and Aquatic Conservation – Aquatic Invasive Species	Fish and Game, Department of	75,985			
	Total 15.608		<u>\$315,762</u>			
15.615	Cooperative Endangered Species Conservation Fund	Fish and Game, Department of	\$320,306			
15.634	State Wildlife Grants	Fish and Game, Department of	653,978			
15.657	Endangered Species Conservation - Recovery Implementation Funds	Fish and Game, Department of	352,266			
15.661	Lower Snake River Compensation Plan	Fish and Game, Department of	9,978,156			
15.666	Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention	Species Conservation, Office of	231,518		\$231,518	
15.684	White Nose Syndrome National Response Implementation	Fish and Game, Department of	5,574			
15.685	National Fish Passage	Fish and Game, Department of	45,018			
15.904	Historic Preservation Fund Grants-in-Aid	Historical Society, Idaho State	1,094,481		8,727	
15.916	Outdoor Recreation Acquisition, Development, and Planning	Parks and Recreation, Department of	3,417,528		10,069	
15.944	Natural Resource Stewardship	Parks and Recreation, Department of	529,437			
15.U35	Misc. Bureau of Reclamation	Fish and Game, Department of	50,871			
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$18,136,674</u>		<u>\$627,750</u>	
Pass-Through From Non-State Entities						
15.634	State Wildlife Grants	Fish and Game, Department of	\$16,702	PT		
	Washington Dept. of Fish & Wildlife; 19-12476					
	TOTAL DEPARTMENT OF THE INTERIOR		<u>\$42,594,892</u>		<u>\$863,898</u>	
DEPARTMENT OF JUSTICE						
16.017	Sexual Assault Services Formula Program	Police, Idaho State	\$396,779		\$370,346	
16.021	Justice Systems Response to Families	Judicial Department	151,610			
16.034	Coronavirus Emergency Supplemental Funding Program	Police, Idaho State	536,454	COVID-19	505,332	COVID-19
16.320	Services for Trafficking Victims	Police, Idaho State	2,066			
16.540	Juvenile Justice and Delinquency Prevention	Juvenile Corrections, Department of	472,835			
16.543	Missing Children's Assistance	Attorney General, Office of the	371,854			
16.550	State Justice Statistics Program for Statistical Analysis Centers	Police, Idaho State	63,779			
16.554	National Criminal History Improvement Program (NCHIP)	Police, Idaho State	2,967			
16.575	Crime Victim Assistance	Health and Welfare, Department of	5,795,294		5,744,060	
16.576	Crime Victim Compensation	Industrial Commission	558,143			
16.582	Crime Victim Assistance/Discretionary Grants	Health and Welfare, Department of	109,445			
16.588	Violence Against Women Formula Grants	Police, Idaho State	1,614,302		1,433,411	
16.593	Residential Substance Abuse Treatment for State Prisoners	Police, Idaho State	314,168		294,621	
16.606	State Criminal Alien Assistance Program	Correction, Department of	79,300			
16.609	Project Safe Neighborhoods	Police, Idaho State	3,116			
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Police, Idaho State	1,051,757		593,777	
16.741	DNA Backlog Reduction Program	Police, Idaho State	524,989			
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Police, Idaho State	242,309			
16.750	Support for Adam Walsh Act Implementation Grant Program	Police, Idaho State	33,964			
16.751	Edward Byrne Memorial Competitive Grant Program	Police, Idaho State	35,989			
16.812	Second Chance Act Reentry Initiative	Correction, Department of	99,657			
16.827	Justice Reinvestment Initiative	Correction, Department of	12,001			
16.833	National Sexual Assault Kit Initiative	Police, Idaho State	510,120		88,881	
16.838	Comprehensive Opioid, Stimulant, and Substance Abuse Program	Correction, Department of	29,926			
16.838	Comprehensive Opioid, Stimulant, and Substance Abuse Program	Health and Welfare, Department of	880,218		778,052	
	Total 16.838		<u>\$910,144</u>		<u>\$778,052</u>	
16.839	Stop School Violence: Confidential Tipline	Education, State Board of	\$5,963			
16.922	Equitable Sharing Program	Police, Idaho State	63,568			
	TOTAL DEPARTMENT OF JUSTICE		<u>\$13,962,573</u>		<u>\$9,808,480</u>	
DEPARTMENT OF LABOR						
EMPLOYMENT SERVICE CLUSTER						
17.207	Employment Service/Wagner-Peyser Funded Activities	Labor, Department of	\$6,113,382			
17.801	Jobs for Veterans State Grants	Labor, Department of	951,316			
	TOTAL EMPLOYMENT SERVICE CLUSTER		<u>\$7,064,698</u>			
WIOA CLUSTER						
17.258	WIA Adult Program	Labor, Department of	\$2,745,443		\$1,652,937	
17.259	WIA Youth Activities	Labor, Department of	2,630,854		9,761	
17.278	WIA Dislocated Workers Formula Grants	Labor, Department of	1,708,340		1,035,560	
	TOTAL WIOA CLUSTER		<u>\$7,084,637</u>		<u>\$2,698,258</u>	
NON-CLUSTER PROGRAMS						
17.225	Unemployment Insurance	Labor, Department of	\$134,600,847			
17.225	Unemployment Insurance	Labor, Department of	3,754,253	COVID-19		
	Total 17.225		<u>\$138,355,100</u>			

* Type of assistance other than direct cash. NC=non-cash; PT=pass-through; R&D=Research and Development; COVID-19=COVID-19 related expenditures (CARES Act, ARPA, etc.)

The accompanying notes are an integral part of this schedule.

**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
17.235	Senior Community Service Employment Program	Aging, Commission on	\$297,297		\$280,189	
17.245	Trade Adjustment Assistance	Labor, Department of	160,336			
17.261	Workforce Data Quality Initiative (WDQI)	Labor, Department of	21,352			
17.268	H-1B Job Training Grants	Career-Technical Education, Division of	281,492		281,492	
17.271	Work Opportunity Tax Credit Program (WOTC)	Labor, Department of	85,235			
17.273	Temporary Labor Certification for Foreign Workers	Labor, Department of	577,176			
17.285	Registered Apprenticeship	Labor, Department of	951,660			
17.285	Registered Apprenticeship	Workforce Development Council	705,255		\$455,064	
	Total 17.285		<u>\$1,656,915</u>		<u>\$455,064</u>	
17.287	Job Corps Experimental Projects and Technical Assistance	Labor, Department of	\$451,731		\$254,072	
17.805	Homeless Veterans Reintegration Project	Labor, Department of	33,482			
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$141,920,116</u>		<u>\$1,270,817</u>	
	TOTAL DEPARTMENT OF LABOR		<u>\$156,069,451</u>		<u>\$3,969,075</u>	
	DEPARTMENT OF TRANSPORTATION					
	FMCSA CLUSTER					
20.218	Motor Carrier Safety Assistance	Police, Idaho State	\$1,937,787			
	TOTAL FMCSA CLUSTER		<u>\$1,937,787</u>			
	FEDERAL TRANSIT CLUSTER					
20.507	Federal Transit Formula Grants	Transportation Department, Idaho	\$1,050,840	COVID-19	\$1,050,840	COVID-19
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Transportation Department, Idaho	7,976,805		7,976,805	
	TOTAL FEDERAL TRANSIT CLUSTER		<u>\$9,027,645</u>		<u>\$9,027,645</u>	
	TRANSIT SERVICES PROGRAMS CLUSTER					
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Transportation Department, Idaho	\$1,181,844		\$1,107,550	
	TOTAL TRANSIT SERVICES PROGRAMS CLUSTER		<u>\$1,181,844</u>		<u>\$1,107,550</u>	
	HIGHWAY SAFETY CLUSTER					
20.600	State and Community Highway Safety	Transportation Department, Idaho	\$4,213,970		\$2,092,670	
20.616	National Priority Safety Programs	Transportation Department, Idaho	2,056,889		1,482,497	
	TOTAL HIGHWAY SAFETY CLUSTER		<u>\$6,270,859</u>		<u>\$3,575,167</u>	
	NON-CLUSTERED PROGRAMS					
20.106	Airport Improvement Program	Transportation Department, Idaho	\$255,034			
20.205	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Transportation Department, Idaho	464,803,730		\$4,298,290	
20.205	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Transportation Department, Idaho	14,436,073	COVID-19		
	Total 20.205		<u>\$479,239,803</u>		<u>\$4,298,290</u>	
20.219	Recreational Trails Program	Parks and Recreation, Department of	\$1,376,768		\$979,307	
20.232	Commercial Driver's License Program Improvement Grant	Transportation Department, Idaho	330,806			
20.325	Consolidated Rail Infrastructure and Safety Improvements	Transportation Department, Idaho	234,066			
20.509	Formula Grants for Rural Areas	Transportation Department, Idaho	10,758,501		10,123,562	
20.509	Formula Grants for Rural Areas	Transportation Department, Idaho	2,663,870	COVID-19	2,663,870	COVID-19
	Total 20.509		<u>\$13,422,371</u>		<u>\$12,787,432</u>	
20.614	Discretionary Safety Grants and Cooperative Agreements	Transportation Department, Idaho	\$53,812			
20.700	Pipeline Safety Program	Public Utilities Commission	124,453			
20.703	Interagency Hazardous Materials Public Sector Training & Planning Grants	Military, Division of	402,363		\$94,445	
20.720	State Damage Prevention Program Grants	Occupational and Professional Licenses, Division of	58,090			
20.721	PHMSA Pipeline Safety Program One Call Grant	Public Utilities Commission	12,477			
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$495,510,043</u>		<u>\$18,159,474</u>	
	TOTAL DEPARTMENT OF TRANSPORTATION		<u>\$513,928,178</u>		<u>\$31,869,836</u>	
	DEPARTMENT OF TREASURY					
21.016	Equitable Share	Police, Idaho State	\$60,849			
21.019	Coronavirus Relief Fund	Controller, Office of the State	65,483	COVID-19		
21.026	Homeowner Assistance Fund	Financial Management, Division of	9,387,100	COVID-19	\$9,387,100	COVID-19
21.027	Coronavirus State and Local Fiscal Recovery Funds	Administration, Department of	2,684,988	COVID-19		
21.027	Coronavirus State and Local Fiscal Recovery Funds	Correction, Department of	499,490	COVID-19		
21.027	Coronavirus State and Local Fiscal Recovery Funds	Environmental Quality, Department of	84,620,905	COVID-19	76,908,782	COVID-19
21.027	Coronavirus State and Local Fiscal Recovery Funds	Financial Management, Division of	150,059	COVID-19		
21.027	Coronavirus State and Local Fiscal Recovery Funds	Health and Welfare, Department of	6,519,523	COVID-19	6,295,318	COVID-19
21.027	Coronavirus State and Local Fiscal Recovery Funds	Judicial Department	2,813,447	COVID-19		
21.027	Coronavirus State and Local Fiscal Recovery Funds	Legislative Services Office	228,119	COVID-19		
21.027	Coronavirus State and Local Fiscal Recovery Funds	Pardons and Parole, Commission of	62,128	COVID-19		
21.027	Coronavirus State and Local Fiscal Recovery Funds	Parks and Recreation, Department of	6,780,796	COVID-19		
21.027	Coronavirus State and Local Fiscal Recovery Funds	Water Resources, Department of	15,452,273	COVID-19	3,500,000	COVID-19
21.027	Coronavirus State and Local Fiscal Recovery Funds	Workforce Development Council	18,748,831	COVID-19	1,047,873	COVID-19
	Total 21.027		<u>\$138,560,559</u>		<u>\$87,751,973</u>	

* Type of assistance other than direct cash. NC=non-cash; PT=pass-through; R&D=Research and Development; COVID-19=COVID-19 related expenditures (CARES Act, ARPA, etc.)

The accompanying notes are an integral part of this schedule.

**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
21.029	Coronavirus Capital Projects Fund	Commerce, Department of	\$17,491,797	COVID-19	\$17,129,822	COVID-19
21.029	Coronavirus Capital Projects Fund	Libraries, Idaho Commission for	1,814,766	COVID-19	1,742,925	COVID-19
	Total 21.029		<u>\$19,306,563</u>		<u>\$18,872,747</u>	
	TOTAL DEPARTMENT OF TREASURY		<u>\$167,380,554</u>		<u>\$116,011,820</u>	
	GENERAL SERVICES ADMINISTRATION					
39.003	Donation of Federal Surplus Personal Property	Administration, Department of	\$838,925	NC		
	TOTAL GENERAL SERVICES ADMINISTRATION		<u>\$838,925</u>			
	NATIONAL ENDOWMENT FOR THE ARTS AND THE HUMANITIES					
45.025	Promotion of the Arts - Partnership Agreements	Arts, Commission on the	\$982,799		\$500,200	
	Pass-Through From Non-State Entities					
45.129	Promotion of the Humanities - Federal/State Partnership Idaho Humanities Council; Grantor Number H20001	Libraries, Idaho Commission for	25,559	PT		
	TOTAL NATIONAL ENDOWMENT FOR THE ARTS AND THE HUMANITIES		<u>\$1,008,358</u>		<u>\$500,200</u>	
	INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
45.310	Grants to States	Libraries, Idaho Commission for	\$1,994,970		\$152,899	
	TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES		<u>\$1,994,970</u>		<u>\$152,899</u>	
	SMALL BUSINESS ADMINISTRATION					
59.061	State Trade and Export Promotion Pilot Grant Program	Commerce, Department of	\$259,998		\$244,815	
	TOTAL SMALL BUSINESS ADMINISTRATION		<u>\$259,998</u>		<u>\$244,815</u>	
	DEPARTMENT OF VETERANS AFFAIRS					
64.005	Grants to States for Construction of State Home Facilities	Veterans Services, Division of	\$200,569			
64.005	Grants to States for Construction of State Home Facilities	Veterans Services, Division of	7,953	COVID-19		
	Total 64.005		<u>\$208,522</u>			
64.014	Veterans State Domiciliary Care	Veterans Services, Division of	\$60,829			
64.015	Veterans State Nursing Home Care	Veterans Services, Division of	21,570,355			
64.101	Burial Expense Allowances for Veterans	Veterans Services, Division of	529,972			
64.203	Veterans Cemetery Grants Program	Veterans Services, Division of	612,305			
	TOTAL DEPARTMENT OF VETERANS AFFAIRS		<u>\$22,981,983</u>			
	ENVIRONMENTAL PROTECTION AGENCY					
66.001	Air Pollution Control Program Support	Environmental Quality, Department of	\$1,303,789			
66.032	State Indoor Radon Grants	Health and Welfare, Department of	77,311			
66.034	Surveys, Studies, Research, Investigations, Demonstrations & Special Purpose Activities Relating to the Clean Air Act	Environmental Quality, Department of	553,254			
66.040	Diesel Emissions Reduction Act (DERA) State Grants	Environmental Quality, Department of	89,569			
66.046	Climate Pollution Reduction Planning Grant (CPRG)	Environmental Quality, Department of	352,982		\$104,105	
66.202	Congressionally Mandated Projects	Environmental Quality, Department of	120,204		29,692	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Quality, Department of	1,541,560			
66.432	State Public Water System Supervision	Environmental Quality, Department of	621,081			
66.433	State Underground Water Source Protection	Water Resources, Department of	98,643			
66.444	Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	Environmental Quality, Department of	2,132			
66.447	Sewer Overflow and Stormwater Reuse Municipal Grant Program	Environmental Quality, Department of	36,312		27,616	
66.454	Water Quality Management Planning	Environmental Quality, Department of	156,956			
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Quality, Department of	18,004,643		17,131,100	
66.460	Nonpoint Source Implementation Grants	Environmental Quality, Department of	1,660,127		1,052,265	
66.468	Drinking Water State Revolving Funds	Environmental Quality, Department of	16,492,587		12,274,339	
66.605	Performance Partnership Grants	Environmental Quality, Department of	12,778			
66.608	Environmental Info. Exchange Network Grant Prog. and Related Assist.	Environmental Quality, Department of	42,024			
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Agriculture, Department of	443,875			
66.708	Pollution Prevention Grants Program	Environmental Quality, Department of	139,236			
66.801	Hazardous Waste Management State Program Support	Environmental Quality, Department of	423,823		114,617	
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Coop Agmts.	Environmental Quality, Department of	2,637,129		227,310	
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Quality, Department of	363,664			
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Quality, Department of	562,850			
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality, Department of	172,661			
66.817	State and Tribal Response Program Grants	Environmental Quality, Department of	633,576			
66.920	Idaho SWIFER Grant	Environmental Quality, Department of	2,240			
	TOTAL ENVIRONMENTAL PROTECTION AGENCY		<u>\$46,545,006</u>		<u>\$30,961,044</u>	

* Type of assistance other than direct cash. NC=non-cash; PT=pass-through; R&D=Research and Development; COVID-19=COVID-19 related expenditures (CARES Act, ARPA, etc.)

The accompanying notes are an integral part of this schedule.

STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
DEPARTMENT OF ENERGY						
81.041	State Energy Program	Energy Resources, Office of	\$601,055			
81.042	Weatherization Assistance for Low-Income Persons	Health and Welfare, Department of	3,408,886		\$3,296,897	
81.128	Energy Efficiency and Conservation Block Grant Program	Energy Resources, Office of	102,517			
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	Environmental Quality, Department of	2,184,649		325,196	
81.254	Grid Infrastructure Deployment and Resilience	Energy Resources, Office of	139,764			
81.256	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	Historical Society, Idaho State	12,823			
81.U14	Tributary Water Conservation	Water Resources, Department of	129,470			
81.U17	Miscellaneous Bonneville Power Administration Grants	Fish and Game, Department of	13,544,635		76,179	
81.U17	Miscellaneous Bonneville Power Administration Grants	Species Conservation, Office of	4,411,007		1,299,118	
	Total 81.U17		<u>\$17,955,642</u>		<u>\$1,375,297</u>	
81.U18	Weatherization Conference	Health and Welfare, Department of	\$890,789		\$886,989	
81.U30	Miscellaneous Pacific States Marine Fisheries Commission Grants	Fish and Game, Department of	768,234			
Pass-Through From Non-State Entities						
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions Western Governors' Association; Grantor Number MOA 30-316-04H, MOA 30-316-04G	Environmental Quality, Department of	212,967	PT		
TOTAL DEPARTMENT OF ENERGY			<u>\$26,406,796</u>		<u>\$5,884,378</u>	
DEPARTMENT OF EDUCATION						
SPECIAL EDUCATION CLUSTER (IDEA)						
84.027	Special Education Grants to States	Public School Support	\$68,765,510		\$68,765,510	
84.027	Special Education Grants to States	Public School Support	2,846,863	COVID-19	2,846,863	COVID-19
84.027	Special Education Grants to States	State Department of Education	2,939,968			
	Total 84.027		<u>\$74,552,340</u>		<u>\$71,612,372</u>	
84.173	Special Education Preschool Grants	Public School Support	\$2,545,416		\$2,545,416	
84.173	Special Education Preschool Grants	Public School Support	507,085	COVID-19	507,085	COVID-19
	Total 84.173		<u>\$3,052,501</u>		<u>\$3,052,501</u>	
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			<u>\$77,604,842</u>		<u>\$74,664,874</u>	
NON-CLUSTERED PROGRAMS						
84.002	Adult Education - Basic Grants to States	Career-Technical Education, Division of	\$3,954,114		\$3,264,561	
84.010	Title I Grants to Local Educational Agencies	Public School Support	58,796,859		58,796,859	
84.010	Title I Grants to Local Educational Agencies	State Department of Education	1,059,882			
	Total 84.010		<u>\$59,856,741</u>		<u>\$58,796,859</u>	
84.011	Migrant Education - State Grant Program	Public School Support	\$5,732,707		\$5,732,707	
84.011	Migrant Education - State Grant Program	State Department of Education	381,113			
	Total 84.011		<u>\$6,113,820</u>		<u>\$5,732,707</u>	
84.013	Title I State Agency Program for Neglected & Delinquent Children & Youth	Public School Support	\$424,292		\$424,292	
84.013	Title I State Agency Program for Neglected & Delinquent Children & Youth	State Department of Education	\$6,502			
	Total 84.013		<u>\$430,794</u>		<u>\$424,292</u>	
84.048	Career and Technical Education - Basic Grants to States	Career-Technical Education, Division of	\$6,190,966		\$5,525,185	
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Blind and Visually Impaired, Commission for the	3,449,974			
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Vocational Rehabilitation, Division of	18,785,454			
	Total 84.126		<u>\$22,235,428</u>			
84.144	Migrant Education Coordination Program	State Department of Education	\$29,503			
84.177	Rehabilitation Services - 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	3,284,132			
84.181	Special Education - Grants for Infants and Families	Health and Welfare, Department of	686,186	COVID-19		
	Total 84.181		<u>\$3,970,318</u>			
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	Vocational Rehabilitation, Division of	\$176,844			
84.196	Education for Homeless Children and Youth	Public School Support	336,341		336,341	
84.196	Education for Homeless Children and Youth	State Department of Education	96,905			
	Total 84.196		<u>\$433,246</u>		<u>\$336,341</u>	
84.287	Twenty-First Century Community Learning Centers	Public School Support	\$5,756,665		\$5,756,665	
84.287	Twenty-First Century Community Learning Centers	State Department of Education	401,098			
	Total 84.287		<u>\$6,157,763</u>		<u>\$5,756,665</u>	
84.323	Special Education - State Personnel Development	Public School Support	\$427,232		\$427,232	
84.323	Special Education - State Personnel Development	State Department of Education	379,375			
	Total 84.323		<u>\$806,607</u>		<u>\$427,232</u>	
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Public School Support	\$974,326		\$974,326	
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	State Department of Education	773,349			
	Total 84.334		<u>\$1,747,675</u>		<u>\$974,326</u>	

* Type of assistance other than direct cash. NC=non-cash; PT=pass-through; R&D=Research and Development; COVID-19=COVID-19 related expenditures (CARES Act, ARPA, etc.)

The accompanying notes are an integral part of this schedule.

**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
84.334S	GEARUP Scholarships	Education, State Board of	\$395,770		\$378,561	
84.358	Rural Education	Public School Support	158,911		158,911	
84.358	Rural Education	State Department of Education	6,323			
	Total 84.358		<u>\$165,234</u>		<u>\$158,911</u>	
84.365	English Language Acquisition State Grants	Public School Support	\$2,492,815		\$2,492,815	
84.365	English Language Acquisition State Grants	State Department of Education	242,437			
	Total 84.365		<u>\$2,735,252</u>		<u>\$2,492,815</u>	
84.367	Supporting Effective Instruction State Grants	Public School Support	\$10,767,344		\$10,767,344	
84.367	Supporting Effective Instruction State Grants	State Department of Education	795,337			
	Total 84.367		<u>\$11,562,681</u>		<u>\$10,767,344</u>	
84.369	Grants for State Assessments and Related Activities	State Department of Education	\$3,977,668			
84.421E	Disability Innovation Fund (DIF)	State Department of Education	156,211			
84.424F	Stronger Connections Grant (SCG) Program	Public School Support	1,459,689		\$1,459,689	
84.424F	Stronger Connections Grant (SCG) Program	State Department of Education	7,465			
	Total 84.424F		<u>\$1,467,154</u>		<u>\$1,459,689</u>	
84.424	Student Support and Academic Enrichment Program	Public School Support	\$6,174,823		\$6,174,823	
84.424	Student Support and Academic Enrichment Program	State Department of Education	263,563			
	Total 84.424		<u>\$6,438,386</u>		<u>\$6,174,823</u>	
84.425D	Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	Public School Support	\$13,454,430	COVID-19	\$13,454,430	COVID-19
84.425R	Emergency Assistance to Non-Public Schools	Education, State Board of	3,579,174	COVID-19		
84.425R	Emergency Assistance to Non-Public Schools	State Department of Education	782,025	COVID-19	761,265	COVID-19
	Total 84.425R		<u>\$4,361,199</u>		<u>\$761,265</u>	
84.425U	Education Stabilization Fund - ARPA ESSER III	Education, State Board of	\$7,868,772	COVID-19	\$4,875,727	COVID-19
84.425U	Education Stabilization Fund - ARPA ESSER III	Public School Support	152,869,862	COVID-19	152,869,862	COVID-19
84.425U	Education Stabilization Fund - ARPA ESSER III	State Department of Education	531,859	COVID-19		
	Total 84.425U		<u>\$161,270,493</u>		<u>\$157,745,589</u>	
84.425V	ARPA - Emergency Assistance for Non-Public Schools	State Department of Education	\$349,863	COVID-19		
84.425W	Education Stabilization Fund - ARPA ESSER - Homeless Children and Youth	Public School Support	879,612	COVID-19	\$879,612	COVID-19
84.425W	Education Stabilization Fund - ARPA ESSER - Homeless Children and Youth	State Department of Education	28,611	COVID-19		COVID-19
	Total 84.425W		<u>\$908,223</u>		<u>\$879,612</u>	
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$319,571,385</u>		<u>\$275,511,209</u>	
	TOTAL DEPARTMENT OF EDUCATION		<u>\$397,176,227</u>		<u>\$350,176,083</u>	
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION						
89.003	National Historical Publications and Records Grants	Historical Society, Idaho State	\$22,820		\$15,000	
	TOTAL NATIONAL ARCHIVES AND RECORDS ADMIN		<u>\$22,820</u>		<u>\$15,000</u>	
ELECTION ASSISTANCE COMMISSION						
90.404	HAVA Election Security Grants	Secretary of State	\$802,917		\$422,553	
	TOTAL ELECTION ASSISTANCE COMMISSION		<u>\$802,917</u>		<u>\$422,553</u>	
HEALTH AND HUMAN SERVICES						
AGING CLUSTER						
93.044	Special Programs for the Aging, Title III, Part B Grants for Supportive Services and Senior Centers	Aging, Commission on	\$2,276,345		\$1,748,257	
93.044	Special Programs for the Aging, Title III, Part B Grants for Supportive Services and Senior Centers	Aging, Commission on	511,196	COVID-19	451,907	COVID-19
	Total 93.044		<u>\$2,787,541</u>		<u>\$2,200,164</u>	
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	Aging, Commission on	\$3,518,359		\$2,968,518	
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	Aging, Commission on	1,748,298	COVID-19	1,742,645	COVID-19
	Total 93.045		<u>\$5,266,657</u>		<u>\$4,711,163</u>	
93.053	Nutrition Services Incentive Program	Aging, Commission on	\$515,678		\$515,678	
	TOTAL AGING CLUSTER		<u>\$8,569,876</u>		<u>\$7,427,005</u>	
CCDF CLUSTER						
93.575	Child Care and Development Block Grant	Health and Welfare, Department of	\$31,243,370		\$4,932,974	
93.575	Child Care and Development Block Grant (CARES Act)	Health and Welfare, Department of	(233,048)	COVID-19	(233,048)	COVID-19
	Total 93.575		<u>\$31,010,322</u>		<u>\$4,699,926</u>	
93.596	Child Care Mandatory & Matching Funds of Child Care & Develop. Fund	Health and Welfare, Department of	\$18,576,262		\$29,079	
	TOTAL CCDF CLUSTER		<u>\$49,586,584</u>		<u>\$4,729,005</u>	
HEAD START CLUSTER						
93.600	Head Start	Health and Welfare, Department of	\$134,592			
	TOTAL HEAD START CLUSTER		<u>\$134,592</u>			
MEDICAID CLUSTER						
93.775	State Medicaid Fraud Control Units	Attorney General, Office of the	\$804,562			
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Welfare, Department of	1,946,983			
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Welfare, Department of	4,089	COVID-19		
	Total 93.777		<u>\$1,951,072</u>			
93.778	Medical Assistance Program	Health and Welfare, Department of	\$3,024,723,442			
	TOTAL MEDICAID CLUSTER		<u>\$3,027,479,076</u>			

* Type of assistance other than direct cash. NC=non-cash; PT=pass-through; R&D=Research and Development; COVID-19=COVID-19 related expenditures (CARES Act, ARPA, etc.)

The accompanying notes are an integral part of this schedule.

**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
NON-CLUSTER PROGRAMS						
93.041	Special Programs for the Aging, Title VII, Chapter 3 Programs for the Prevention of Elder Abuse, Neglect, and Exploitation	Aging, Commission on	\$11,737		\$10,023	
93.042	Special Programs for the Aging, Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	Aging, Commission on	121,312		19,156	
93.042	Special Programs for the Aging, Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	Aging, Commission on	6,893	COVID-19	2,810	COVID-19
	Total 93.042		<u>\$128,205</u>		<u>\$21,966</u>	
93.043	Special Programs for the Aging, Title III, Part D Disease Prevention and Health Promotion Services	Aging, Commission on	\$102,365		\$96,385	
93.043	Special Programs for the Aging, Title III, Part D Disease Prevention and Health Promotion Services	Aging, Commission on	18,353	COVID-19	18,353	COVID-19
	Total 93.043		<u>\$120,718</u>		<u>\$114,738</u>	
93.048	Special Programs for the Aging - Discretionary Projects	Aging, Commission on	\$293,944		\$139,759	
93.048	Special Programs for the Aging - Discretionary Projects	Aging, Commission on	35,580	COVID-19	35,580	COVID-19
	Total 93.048		<u>\$329,524</u>		<u>\$175,339</u>	
93.052	National Family Caregiver Support	Aging, Commission on	\$718,155		\$651,014	
93.052	National Family Caregiver Support	Aging, Commission on	189,475	COVID-19	91,602	COVID-19
	Total 93.052		<u>\$907,630</u>		<u>\$742,616</u>	
93.069	Public Health Emergency Preparedness	Health and Welfare, Department of	\$4,891,459		\$2,491,990	
93.070	Environmental Public Health and Emergency Response	Health and Welfare, Department of	49,389			
93.071	Medicare Enrollment Assistance Program	Aging, Commission on	100,324		69,089	
93.071	Medicare Enrollment Assistance Program	Insurance, Department of	143,977			
	Total 93.071		<u>\$244,301</u>		<u>\$69,089</u>	
93.072	Lifespan Respite Care Program	Aging, Commission on	\$155,369		\$124,493	
93.090	Guardianship Assistance	Health and Welfare, Department of	124,417			
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Welfare, Department of	17,272		17,267	
93.103	Food and Drug Administration Research	Agriculture, Department of	419,213		27,978	
93.103	Food and Drug Administration Research	Health and Welfare, Department of	125,392			
	Total 93.103		<u>\$544,605</u>		<u>\$27,978</u>	
93.110	Maternal and Child Health Federal Consolidated Programs	Health and Welfare, Department of	\$46,269		\$21,625	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health and Welfare, Department of	101,166		17,384	
93.127	Emergency Medical Services for Children	Health and Welfare, Department of	179,243			
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	Health and Welfare, Department of	182,234		800	
93.136	Injury Prevent. & Control Research and State and Community Based Programs	Health and Welfare, Department of	2,532,938		828,575	
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Health and Welfare, Department of	206,237		199,013	
93.165	Grants to States for Loan Repayment Program	Health and Welfare, Department of	364,437		247,199	
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	Health and Welfare, Department of	393,574			
93.217	Family Planning Services	Health and Welfare, Department of	1,315,352		1,066,226	
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	Health and Welfare, Department of	6,429		6,253	
93.236	Grants to States to Support Oral Health Workforce Activities	Health and Welfare, Department of	451,234		150,329	
93.240	State Capacity Building	Health and Welfare, Department of	244,687			
93.241	State Rural Hospital Flexibility Program	Health and Welfare, Department of	817,958		20,000	
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Drug Policy, Office of	2,159,508		1,825,387	
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Health and Welfare, Department of	813,953		324,000	
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Public School Support	357,494		357,494	
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	State Department of Education	1,490,060			
	Total 93.243		<u>\$4,821,015</u>		<u>\$2,506,881</u>	
93.251	Early Hearing Detection and Intervention	Health and Welfare, Department of	\$372,540			
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	2,950,907		\$225,150	
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	5,977,902	COVID-19	3,909,253	COVID-19
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	27,097,762	NC		
	Total 93.268		<u>\$36,026,571</u>		<u>\$4,134,403</u>	
93.270	Adult Viral Hepatitis Prevention and Control	Health and Welfare, Department of	\$505,325		\$218,034	
93.301	Small Rural Hospital Improvement Grant Program	Health and Welfare, Department of	357,222		299,700	
93.314	Early Hearing Detection and Intervention Info. Syst. (EHDI-IS) Surveillance Prog.	Health and Welfare, Department of	147,117			
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Welfare, Department of	1,629,870		332,538	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Welfare, Department of	11,035,426	COVID-19	5,825,603	COVID-19
	Total 93.323		<u>\$12,665,296</u>		<u>\$6,158,141</u>	
93.324	State Health Insurance Assistance Program	Insurance, Department of	\$468,183			
93.334	The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels	Health and Welfare, Department of	292,826			
93.336	Behavioral Risk Factor Surveillance System	Health and Welfare, Department of	582,974			

* Type of assistance other than direct cash. NC=non-cash; PT=pass-through; R&D=Research and Development; COVID-19=COVID-19 related expenditures (CARES Act, ARPA, etc.)

The accompanying notes are an integral part of this schedule.

**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (COVID-19 Crisis Response)	Health and Welfare, Department of	\$602,578	COVID-19	\$589,732	COVID-19
93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	Health and Welfare, Department of	427,971		182,244	
93.369	ACL Independent Living State Grants	Vocational Rehabilitation, Division of	282,568		241,159	
93.387	National and State Tobacco Control Program	Health and Welfare, Department of	1,123,982		418,808	
93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	Health and Welfare, Department of	58,522	COVID-19	40,209	COVID-19
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	Health and Welfare, Department of	2,411			
93.426	The National Cardiovascular Health Program	Health and Welfare, Department of	853,478		106,913	
93.497	Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports	Health and Welfare, Department of	323,301	COVID-19	313,203	COVID-19
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	Health and Welfare, Department of	91,510			
93.556	Promoting Safe and Stable Families	Health and Welfare, Department of	1,417,500		26,805	
93.558	Temporary Assistance for Needy Families	Health and Welfare, Department of	34,480,147		372,337	
93.563	Child Support Enforcement	Health and Welfare, Department of	15,510,027			
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Health and Welfare, Department of	1,529,067		453,403	
93.568	Low-Income Home Energy Assistance	Health and Welfare, Department of	23,803,094		7,638,184	
93.568	Low-Income Home Energy Assistance (CARES Act)	Health and Welfare, Department of	158,887	COVID-19	158,887	COVID-19
	Total 93.568		<u>\$23,961,981</u>		<u>\$7,797,071</u>	
93.569	Community Services Block Grant	Health and Welfare, Department of	\$3,804,869		\$3,616,725	
93.569	Community Services Block Grant	Health and Welfare, Department of	444,202	COVID-19	352,168	COVID-19
	Total 93.569		<u>\$4,249,071</u>		<u>\$3,968,893</u>	
93.586	State Court Improvement Program	Judicial Department	\$306,601			
93.590	Community-Based Child Abuse Prevention Grants	Health and Welfare, Department of	211,217			
93.590	Community-Based Child Abuse Prevention Grants	Health and Welfare, Department of	558,097	COVID-19		
	Total 93.590		<u>\$769,314</u>			
93.597	Grants to States for Access and Visitation Programs	Health and Welfare, Department of	\$77,612			
93.599	Chafee Education and Training Vouchers Program	Health and Welfare, Department of	12			
93.603	Adoption and Legal Guardianship Incentive Payments	Health and Welfare, Department of	4,826			
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Health and Welfare, Department of	655,583		\$21,783	
93.643	Children's Justice Grants To States	Health and Welfare, Department of	149,871			
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Health and Welfare, Department of	2,519,655		26,579	
93.658	Foster Care - Title IV-E	Health and Welfare, Department of	15,546,754		7,746	
93.659	Adoption Assistance	Health and Welfare, Department of	13,999,825			
93.665	Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	Health and Welfare, Department of	1,520	COVID-19		COVID-19
93.667	Social Services Block Grant	Health and Welfare, Department of	14,046,300		708,452	
93.669	Child Abuse and Neglect State Grants	Health and Welfare, Department of	584,972			
93.669	Child Abuse and Neglect State Grants	Health and Welfare, Department of	52,808	COVID-19		
	Total 93.669		<u>\$637,780</u>			
93.671	Family Violence Prevent & Srvcs/Domestic Violence Shelter & Sup. Srvcs	Health and Welfare, Department of	\$1,135,534		1,093,192	
93.671	Family Violence Prevent & Srvcs/Domestic Violence Shelter & Sup. Srvcs	Health and Welfare, Department of	662,416	COVID-19	657,816	COVID-19
	Total 93.671		<u>\$1,797,950</u>		<u>\$1,751,008</u>	
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Welfare, Department of	\$959,158			
93.698	Elder Justice Act – Adult Protective Services	Aging, Commission on	1,600			
93.747	Elder Abuse Prevention Interventions Program	Aging, Commission on	605,323	COVID-19	\$509,175	COVID-19
93.767	Children's Health Insurance Program	Health and Welfare, Department of	69,854,469			
93.788	Opioid STR	Health and Welfare, Department of	9,156,404		4,897,910	
93.791	Money Follows the Person Rebalancing Demonstration	Health and Welfare, Department of	4,011,194			
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	Health and Welfare, Department of	1,040,824			
93.845	Promoting Population Health through Increased Capacity in Alcohol Epidemiology	Health and Welfare, Department of	127,589		9,558	
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	Health and Welfare, Department of	2,582,889		1,949,975	
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	Health and Welfare, Department of	163,419	COVID-19		
	Total 93.870		<u>\$2,746,308</u>		<u>\$1,949,975</u>	
93.889	National Bioterrorism Hospital Preparedness Program	Health and Welfare, Department of	\$1,326,480		\$857,462	
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	Health and Welfare, Department of	1,122,855		292,585	
93.913	Grants to States for Operation of State Offices of Rural Health	Health and Welfare, Department of	210,696			
93.917	HIV Care Formula Grants	Health and Welfare, Department of	6,599,406		972,082	
93.940	HIV Prevention Activities - Health Department Based	Health and Welfare, Department of	840,792		307,882	
93.958	Block Grants for Community Mental Health Services	Health and Welfare, Department of	1,935,187		438,321	
93.958	Block Grants for Community Mental Health Services	Health and Welfare, Department of	3,962,093	COVID-19	2,570,740	COVID-19
	Total 93.958		<u>\$5,897,280</u>		<u>\$3,009,061</u>	
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Welfare, Department of	\$7,736,224		\$1,306,244	
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Welfare, Department of	4,362,977	COVID-19	1,340,492	COVID-19
	Total 93.959		<u>\$12,099,201</u>		<u>\$2,646,736</u>	

* Type of assistance other than direct cash. NC=non-cash; PT=pass-through; R&D=Research and Development; COVID-19=COVID-19 related expenditures (CARES Act, ARPA, etc.)

The accompanying notes are an integral part of this schedule.

STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
93.967	Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	Health and Welfare, Department of	\$3,523,199		\$2,256,789	
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Welfare, Department of	269,071		123,958	
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants Total 93.977	Health and Welfare, Department of	1,118,451	COVID-19	798,956	COVID-19
93.988	Cooperative Agreements for Diabetes Control Programs	Health and Welfare, Department of	\$1,387,522		\$922,914	
93.991	Preventive Health and Health Services Block Grant	Health and Welfare, Department of	\$591,704		\$132,021	
93.994	Maternal and Child Health Services Block Grant to the States	Health and Welfare, Department of	412,667		338,078	
	TOTAL NON-CLUSTER PROGRAMS		2,982,444		1,310,321	
			\$331,530,285		\$57,108,955	
Pass-Through From Non-State Entities						
93.103	Food and Drug Administration Research Association of Food & Drug Officials; Grant # G-ME-2004-02385 & G-1910-02115 & G-ME-2003-02265 & G-2010-02651	Agriculture, Department of	\$39,953	PT		
	TOTAL HEALTH AND HUMAN SERVICES		\$3,417,340,366		\$69,264,965	
CORPORATION FOR NATIONAL & COMMUNITY SERVICE						
94.003	State Commissions	Labor, Department of	\$257,847			
94.003	State Commissions	Labor, Department of	80,243	COVID-19		
	Total 93.959		\$338,090			
94.006	AmeriCorps	Labor, Department of	\$862,208		\$862,208	
94.006	AmeriCorps	Labor, Department of	848,402	COVID-19	67,432	COVID-19
	Total 93.959		\$1,710,610		\$929,640	
94.008	Commission Investment Fund	Labor, Department of	\$149,574			
94.013	Volunteers in Service to America	Correction, Department of	10,552			
94.013	Volunteers in Service to America	Labor, Department of	6,583			
	Total 94.013		\$17,135			
	TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICE		\$2,215,409		\$929,640	
EXECUTIVE OFFICE OF THE PRESIDENT						
95.001	High Intensity Drug Trafficking Areas Program	Police, Idaho State	\$549,008		\$152,128	
	TOTAL EXECUTIVE OFFICE OF THE PRESIDENT		\$549,008		\$152,128	
SOCIAL SECURITY ADMINISTRATION DISABILITY INSURANCE/SSI CLUSTER						
96.001	Social Security Disability Insurance	Labor, Department of	\$12,359,949			
	TOTAL DISABILITY INSURANCE/SSI CLUSTER		\$12,359,949			
NON-CLUSTERED PROGRAMS						
96.U23	Vital Statistics Birth Records Grants	Health and Welfare, Department of	\$151,746			
96.U24	Vital Statistics Cooperative Program	Health and Welfare, Department of	199,314			
96.U25	Social Security Birth and Death Reports	Health and Welfare, Department of	67,767			
	TOTAL NON-CLUSTERED PROGRAMS		\$418,827			
	TOTAL SOCIAL SECURITY ADMINISTRATION		\$12,778,776			
DEPARTMENT OF HOMELAND SECURITY						
97.008	Nonprofit Security Grant Program	Military, Division of	\$621,708		\$475,119	
97.012	Boating Safety Financial Assistance	Parks and Recreation, Department of	1,494,196		858,050	
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	Water Resources, Department of	125,563			
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military, Division of	4,577,537		4,553,345	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military, Division of	20,894,296	COVID-19	20,802,233	COVID-19
	Total 97.036		\$25,471,833		\$25,355,578	
97.039	Hazard Mitigation Grant	Military, Division of	\$1,495,486		\$162,434	
97.041	National Dam Safety Program	Water Resources, Department of	44,586			
97.042	Emergency Management Performance Grants	Military, Division of	4,904,868		1,287,482	
97.042	Emergency Management Performance Grants	Military, Division of	217,113	COVID-19	162,987	COVID-19
	Total 97.042		\$5,121,981		\$1,450,469	
97.045	Cooperating Technical Partners	Military, Division of	\$21,543			
97.047	BRIC: Building Resilient Infrastructure and Communities	Military, Division of	327,493		\$137,340	
97.050	Presidentially Declared Disaster Assistance to Individuals and Households - Other Needs	Labor, Department of				
97.067	Homeland Security Grant Program	Military, Division of	6,709,843		2,707,551	
97.111	Regional Catastrophic Preparedness Grant Program	Military, Division of	774,287			
	TOTAL DEPARTMENT OF HOMELAND SECURITY		\$42,208,519		\$31,146,541	
RESEARCH AND DEVELOPMENT CLUSTER DEPARTMENT OF AGRICULTURE						
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	\$1,091,343	R&D	\$1,040,509	R&D
	Research and Development Cluster: Agricultural Marketing Service					
	TOTAL DEPARTMENT OF AGRICULTURE		\$1,091,343		\$1,040,509	

* Type of assistance other than direct cash. NC=non-cash; PT=pass-through; R&D=Research and Development; COVID-19=COVID-19 related expenditures (CARES Act, ARPA, etc.)

The accompanying notes are an integral part of this schedule.

STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

AL	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
DEPARTMENT OF COMMERCE						
11.407	Interjurisdictional Fisheries Act of 1986 Research and Development Cluster: National Oceanic and Atmospheric Administration	Fish and Game, Department of	\$8,414	R&D		
11.441	Regional Fishery Management Councils Research and Development Cluster: Pacific Fisheries Management Council	Fish and Game, Department of	40,101	R&D		
TOTAL DEPARTMENT OF COMMERCE			<u>\$48,515</u>			
DEPARTMENT OF DEFENSE						
12.300	Basic and Applied Scientific Research Research and Development Cluster: Department of the Navy	Fish and Game, Department of	\$31,189	R&D		
TOTAL DEPARTMENT OF DEFENSE			<u>\$31,189</u>			
DEPARTMENT OF THE INTERIOR						
15.517	Fish & Wildlife Coordination Act Research and Development Cluster: Bureau of Land Management	Fish and Game, Department of	\$187,641	R&D		
15.605	Sport Fish Restoration Research and Development Cluster: Fish & Wildlife Service	Fish and Game, Department of	844,742	R&D	\$66,665	R&D
15.611	Wildlife Restoration and Basic Hunter Education Research and Development Cluster: Fish & Wildlife Service	Fish and Game, Department of	2,130,616	R&D	228,234	R&D
15.615	Cooperative Endangered Species Conservation Fund Research and Development Cluster: Cooperative Endangered Species Conservation Fund	Fish and Game, Department of	97,708	R&D	58,663	R&D
TOTAL DEPARTMENT OF THE INTERIOR			<u>\$3,260,707</u>		<u>\$353,562</u>	
DEPARTMENT OF LABOR						
17.002	Labor Force Statistics Research and Development Cluster: Bureau of Labor Statistics	Labor, Department of	\$681,888	R&D		
17.005	Compensation and Working Conditions Research and Development Cluster: Bureau of Labor Statistics	Labor, Department of	9,049	R&D		
TOTAL DEPARTMENT OF LABOR			<u>\$690,937</u>			
DEPARTMENT OF TRANSPORTATION						
20.205	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Research and Development Cluster: Federal Highway Administration	Transportation Department, Idaho	\$1,081,816	R&D		
TOTAL DEPARTMENT OF TRANSPORTATION			<u>\$1,081,816</u>			
DEPARTMENT OF ENERGY						
81.U17	Misc. Bonneville Power Administration Grants Research and Development Cluster: Bonneville Power Administration	Fish and Game, Department of	\$2,906,170	R&D	\$33,570	R&D
TOTAL DEPARTMENT OF ENERGY			<u>\$2,906,170</u>		<u>\$33,570</u>	
HEALTH AND HUMAN SERVICES						
93.631	Developmental Disabilities Projects of National Significance Research and Development Cluster: Administration for Community Living Administration for Community Living (ACL) Regents of the University of Idaho Grantor ID: DD3083-SB-854941	Health and Welfare, Department of	\$22,045	PT, R&D		
TOTAL HEALTH AND HUMAN SERVICES			<u>\$22,045</u>			
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			<u>\$9,132,722</u>		<u>\$1,427,641</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$5,399,698,594</u>		<u>\$768,804,968</u>	

* Type of assistance other than direct cash. NC=non-cash; PT=pass-through; R&D=Research and Development; COVID-19=COVID-19 related expenditures (CARES Act, ARPA, etc.)

The accompanying notes are an integral part of this schedule.

STATE OF IDAHO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 schedule by federal agency is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements for Federal Awards (Uniform Guidance)*. *Uniform Guidance* is issued by the Office of Management and Budget (OMB) pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156.

B. Reporting Entity

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

C. Basis of Accounting

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

D. Basis of Presentation

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

Assistance listing – refers to the publicly available listing of Federal assistance programs managed and administered by the General Services Administration.

Assistance listing number – a unique number assigned to identify a Federal Assistance Listings.

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

Program Clusters – Closely related programs with different assistance listing numbers that share common compliance requirements are considered "program clusters." The Schedule of Expenditures of Federal Awards by Federal Agency displays programs by program cluster as mandated by the *Uniform Guidance*. Programs not included within a designated cluster are presented under the title "Non-Clustered Programs." Programs identified as research and development are grouped together in the "Research and Development Cluster."

STATE OF IDAHO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

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

1. AL 10.551, Supplemental Nutrition Assistance Program (SNAP) – reported at the dollar value (fair market value) of electronic benefit transfers authorized and used for food purchases by recipients.
2. AL 10.555, National School Lunch Program – reported at the fair market value of the food commodities distributed.
3. AL 10.569, Emergency Food Assistance Program (Food Commodities) – reported at the fair market value of the food commodities distributed.
4. AL 39.003, Donation of Federal Surplus Personal Property – reported at the fair market value of donated property as determined by General Services Administration (GSA). GSA designated fair market value at 23.68% of original acquisition cost.
5. AL 93.268, Immunization Cooperative Agreements – reported at the federally assigned value of the serum distributed.

NOTE 2 – DE MINIMIS COST RATE

The following Agencies use the 10% de Minimis indirect cost rate: The Office of Drug Policy and Idaho Career and Technical Education.

NOTE 3 – UNEMPLOYMENT INSURANCE

State Funds Included with Federal Funds: State unemployment insurance funds are included with federal funds in the total expenditures for AL 17.225. The State portion was \$109,502,321 and the federal portion was \$28,852,779

NOTE 4 – LOANS OUTSTANDING

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

- A. The Office of Energy Resources administers loan and grant programs (AL 81.041) for the U.S. Department of Energy. The original source of these funds was petroleum price violations. The funds are used to finance various energy conservation projects. The outstanding principal and interest at June 30, 2024, was \$711,545. The Office of Energy Resources determined uncollectible accounts to be \$0.
- B. The Department of Environmental Quality administers loans for the Capitalization Grants for Clean Water State Revolving Funds (AL 66.458) and the Capitalization Grants for Drinking Water State Revolving Funds (AL 66.468). These revolving funds make loans to qualified agencies for various water treatment projects. The loans are funded by the federal capitalization grants, State match, and revolving funds. The loans are disbursed as borrowers incur costs and are repaid over 20 years starting within one year after project completion. Interest rates vary between 0 percent and 4.5 percent. Management considers all loans to be fully collectible, so the Department of Environmental Quality determined uncollectible accounts to be \$0.

STATE OF IDAHO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Loan programs at June 30, 2024:

CAPITALIZATION GRANTS FOR CLEAN WATER - AL 66.458

	<u>Loan Authorized</u>	<u>Principal Repayments</u>	<u>Remaining Commitment</u>	<u>Receivable Balance</u>
Completed Projects	\$338,469,501	\$106,408,623		\$232,060,878
Projects in Progress	<u>233,965,973</u>		<u>\$80,239,863</u>	<u>153,726,110</u>
Totals	<u>\$572,453,474</u>	<u>\$106,408,623</u>	<u>\$80,239,863</u>	<u>\$385,786,988</u>
Less: Amount Due Within 1 Year				(14,660,763)
Loans Receivable Net of Current Maturities				<u>\$371,126,225</u>

CAPITALIZATION GRANTS FOR DRINKING WATER - AL 66.468

	<u>Loan Authorized</u>	<u>Principal Repayments</u>	<u>Remaining Commitment</u>	<u>Receivable Balance</u>
Completed Projects	\$191,769,887	\$53,096,025		\$138,673,862
Projects in Progress	<u>72,825,981</u>		<u>\$53,482,448</u>	<u>19,343,533</u>
Totals	<u>\$264,595,868</u>	<u>\$53,096,025</u>	<u>\$53,482,448</u>	<u>\$158,017,395</u>
Less: Amount Due Within 1 Year				(7,109,219)
Loans Receivable Net of Current Maturities				<u>\$150,908,176</u>

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

AUDITOR'S RESULTS



STATE OF IDAHO
SUMMARY OF AUDITOR'S RESULTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

BASIC FINANCIAL STATEMENTS

1. Type of auditor's report issued:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	<i>Qualified</i>
Business-Type Activities	<i>Qualified</i>
Aggregate Discretely Presented Component Units	<i>Unmodified</i>
Governmental Fund General	<i>Qualified</i>
Governmental Fund Health and Welfare	<i>Qualified</i>
Governmental Fund Transportation	<i>Qualified</i>
Governmental Fund Land Endowments	<i>Unmodified</i>
Governmental Fund Federal Stimulus	<i>Qualified</i>
Enterprise Fund Colleges and Universities	<i>Unmodified</i>
Enterprise Fund Unemployment Compensation	<i>Unmodified</i>
Enterprise Fund Loan	<i>Qualified</i>
Aggregate Remaining Fund Information	<i>Qualified</i>

2. Internal control over financial reporting:

- Material weaknesses identified? x yes no
- Significant deficiencies identified? x yes none reported

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

FEDERAL AWARDS

4. Internal control over major programs:

- Material weaknesses identified? x yes no
- Significant deficiencies identified? x yes none reported

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

Child Nutrition Cluster	<i>Unmodified</i>
WIC Special Supplemental Nutrition Program for Woman, Infants, and Children	<i>Unmodified</i>
National Guard Military Operations and Maintenance Projects	<i>Unmodified</i>
Community Development Block Grants/State's Program	<i>Unmodified</i>
Unemployment Insurance	<i>Unmodified</i>
Highway Planning and Construction	<i>Unmodified</i>
Coronavirus State and Local Fiscal Recovery Funds	<i>Qualified</i>
Coronavirus Capital Projects Fund	<i>Unmodified</i>
Veterans State Nursing Home Care	<i>Unmodified</i>
Clean Water State Revolving Fund (CWSRF) Cluster	<i>Qualified</i>
Drinking Water State Revolving Fund (DWSRF) Cluster	<i>Qualified</i>
Title I Grants to Local Education Agencies	<i>Unmodified</i>
Special Education Cluster (IDEA)	<i>Unmodified</i>
Rehabilitation Services – Vocational Rehabilitation Grants to States	<i>Qualified</i>
Immunization Cooperative Agreements	<i>Unmodified</i>
Temporary Assistance to Needy Families	<i>Unmodified</i>
Low-Income Home Energy Assistance	<i>Unmodified</i>

STATE OF IDAHO
SUMMARY OF AUDITOR'S RESULTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

CCDF Cluster	<i>Qualified</i>
Medicaid Cluster	<i>Qualified</i>
Disability Insurance/SSI Cluster	<i>Unmodified</i>
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	<i>Unmodified</i>

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

7. Identification of major programs:

<u>Program/Cluster Title</u>	<u>AL #</u>
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559, 10.582
WIC Special Supplemental Nutrition Program for Woman, Infants, and Children	10.557
National Guard Military Operations and Maintenance Projects	12.401
Community Development Block Grants/State's Program	14.228
Unemployment Insurance	17.225
Highway Planning and Construction	20.205
Coronavirus State and Local Fiscal Recovery Funds	21.027
Coronavirus Capital Projects Fund	21.029
Veterans State Nursing Home Care	64.015
Clean Water State Revolving Fund (CWSRF) Cluster	66.458
Drinking Water State Revolving Fund (DWSRF) Cluster	66.468
Title I Grants to Local Education Agencies	84.010
Special Education Cluster (IDEA)	84.027, 84.173
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126
Immunization Cooperative Agreements	93.268
Temporary Assistance to Needy Families	93.558
Low-Income Home Energy Assistance	93.568
CCDF Cluster	93.575, 93.596
Medicaid Cluster	93.775, 93.777, 93.778
Disability Insurance/SSI Cluster	96.001
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036

8. Dollar threshold used to distinguish between Type A and Type B programs: \$16,199,095

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

STATE OF IDAHO
SCHEDULE OF BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

STATE AGENCY	PAGE
<u>OFFICE OF THE STATE CONTROLLER</u>	
2024-100	The Office discontinued the process of reconciling cash balances by fund with the implementation of a new statewide enterprise resource planning system, Luma, on July 1, 2023, resulting in unverified pooled cash and cash equivalents reported on the financial statements and material misstatements going undetected. 26
2024-101	Errors in journal entry templates when implementing the State’s new accounting system, Luma, resulted in misstatements in pooled cash, other accrued liabilities, and revenues in the Health and Welfare column on the financial statements. 27
2024-102	Weak internal controls allowed multiple misstatements in the Division of Financial Management’s grants advances closing package to be included in the financial statements. 29
2024-103	Errors in the transfer elimination process resulted in overstated revenue and expenditures in the Transportation column of \$102.3 million and \$178.3 million in the Unemployment Compensation column. 30
2024-104	The Office did not include Supplemental Nutrition Assistance Program (SNAP) non-cash amounts for food benefits of \$280.9 million as Grants and Contributions revenue and Health and Human Services expenditures in the Health and Welfare column on the Governmental Fund Statements. 31
2024-105	The Office’s internal review process did not prevent or detect multiple misstatements in the statewide ACFR submitted for audit that were greater than the trivial threshold but less than material. 33
2024-106	Over \$30 million was issued in duplicate payments during fiscal year 2024 due to a lack of data validation controls. 34
2024-107	Multiple control deficiencies were identified in Luma’s Security and Privacy Program increasing the risk of fraud, unauthorized transactions, data manipulation, or undetected errors. 38
2024-108	A reconciliation was not completed to ensure the completeness of payroll accruals included in the statewide financial statements. 42
2024-109	The statewide accounting system does not have system controls to prevent employees from modifying their timesheets after supervisor approval. 43
<u>STATE DEPARTMENT OF EDUCATION</u>	
2024-110	The Department did not adequately monitor data that supports \$574,773,460, or 24.5 percent, of the statewide distribution payments made to school districts and charter schools in fiscal year 2023, nor did they properly implement corrective action procedures for fiscal year 2024. 44

**STATE OF IDAHO
SCHEDULE OF BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>STATE AGENCY</u>	<u>PAGE</u>
 <u>IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY</u>	
2024-111 The Department was unable to reconcile the Loans and Notes Receivable ending balance between the Loan and Grant Tracking System (LGTS) and the State’s accounting system, Luma, for the Clean Water and Drinking Water State Revolving funds, and balances reported are incorrect.	46
2024-112 The Department’s internal review failed to prevent an overstatement of revenue by \$83.7 million for the American Rescue Plan Act (ARPA) SLRF Fund.	47
 <u>DIVISION OF FINANCIAL MANAGEMENT</u>	
2024-113 The Division’s internal review failed to prevent a misstatement of \$175 million on the Grants Advances closing package for the American Rescue Plan Act funds.	49
 <u>IDAHO DEPARTMENT OF HEALTH AND WELFARE</u>	
2024-114 The Department structured some journal entries in the accounting system incorrectly and did not identify or correct the errors during the fiscal year resulting in a material overstatement of \$491 million to cash in the statewide <i>Annual Comprehensive Financial Report</i> (ACFR). Additional accounts had corresponding over/understatements related to these errors.	50
 <u>IDAHO DEPARTMENT OF LABOR</u>	
2024-115 The Department overstated accounts receivable by \$32,977,010.	52
 <u>IDAHO STATE TAX COMMISSION</u>	
2024-116 The Commission failed to ensure or monitor for changes to statutory cash allocation codes in the State’s accounting system, Luma.	53
2024-117 Restricted Cash amounts reported to the Office of the State Controller were understated by \$190.8 million.	54
 <u>IDAHO STATE TREASURER’S OFFICE</u>	
2024-118 IDLE pool distributions were not made accurately or timely in accordance with the Idaho State Treasurer’s Office investment policy.	56

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

OFFICE OF THE STATE CONTROLLER (Office)

FINDING 2024-100

The Office discontinued the process of reconciling cash balances by fund with the implementation of a new statewide enterprise resource planning system, Luma, on July 1, 2023, resulting in unverified pooled cash and cash equivalents reported on the financial statements and material misstatements going undetected.

Related to Current Finding: 2024-118

Type of Finding: Material Weakness, Material Misstatement

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 control activities. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated, including verifications, approvals, reconciliations, authorizations, and segregation of duties that support this objective.

Condition: The State of Idaho pools idle funds that remain after balancing daily cash flow requirements. The Idaho State Treasurer's Office invests these idle funds generally in short-term ventures, guaranteeing that funds will be available for all of the State's appropriations. This pool is referred to as IDLE and reported as Pooled Cash and Investments and Restricted Cash and Cash Equivalents on the face of the financial statements.

When the State of Idaho implemented Luma in July 2023, the Office discontinued a standard reconciliation process that agreed the State's accounting system to the Idaho State Treasurer's Office system of record and the bank. The Office did not implement a new process to ensure that cash amounts continued to reconcile among the various systems.

The lack of adequate reconciliations increases the risk that material misstatements may exist within the State of Idaho's pooled cash. During the audit, we identified material errors totaling \$491 million in the Idaho Department of Health and Welfare's cash balance of the Cooperative Welfare fund. Additional material errors could remain unidentified and uncorrected in other funds.

The lack of reconciliations increases the risk that material errors in account balances and mark-to-market adjustments for the IDLE funds may occur. The accuracy of IDLE allocation amounts across the State's funds in the financial statements could not be verified as the Office did not reconcile cash reported in Luma to the system of record maintained by the Idaho State Treasurer's Office by fund and to cash held by the bank.

Cause: During the implementation of Luma and the integration of required interfaces from the Idaho State Treasurer's Office systems, there was a lack of sufficient interface testing, including end-user acceptance testing, completed by the Office. In addition, the Office discontinued a standard reconciliation process and did not implement an effective replacement to ensure that Luma fund account balances agreed to the Idaho State Treasurer's Office systems and the bank.

Effect: As a result of the lack of reconciled balances, we were unable to verify that pooled cash balances are materially accurate. In addition, we were unable to verify adjustments for fair value of the investments since its calculation relies upon an accurate balance to determine the amount needed to be adjusted to arrive at fair value. There is insufficient evidence to verify that the pooled cash amount was materially accurate for the following opinion units:

- Governmental Activities

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

- Business-Type Activities
- General Fund
- Health and Welfare Fund
- Transportation Fund
- Federal Stimulus Fund
- Loan Fund
- Aggregate Other Funds

Recommendation: We recommend that the Office implement reconciliation procedures between Luma, the Idaho State Treasurer’s Office, and the bank to ensure pooled cash can be accurately determined. We further recommend that this reconciliation process be applied back to the date of implementation.

Management’s View: *The State Controller’s Office agrees with this finding and acknowledges the lack of a cash reconciliation like the one done in previous years.*

Corrective Action: *An outside consultant was hired to reconcile the bank to the Treasurer’s Office system (TATRS). The Office continues to meet weekly with the State Treasurer’s Office to review transaction accuracy and coordinate efforts to improve current interface processes between Luma and TATRS. The Office is developing a sustainable and effective cash reconciliation going forward. This reconciliation process will focus on matching cash balances by fund.*

Auditor’s Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. We would like to clarify that the reconciliation prepared by an outside consultant as referenced in the Office’s response was incomplete and inadequate to truly reconcile all funds and did not identify any of the errors identified during our audit. We also would like to emphasize that it is critically important that the Office reconcile by fund back to the implementation date of July 1, 2023, to ensure cash balances are accurate.

FINDING 2024-101

Errors in journal entry templates when implementing the State’s new accounting system, Luma, resulted in misstatements in pooled cash, other accrued liabilities, and revenues in the Health and Welfare column on the financial statements.

Related to Current Finding: 2024-114

Type of Finding: Material Weakness, Material Misstatement

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 control activities and information and communication. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated, including verifications, approvals, reconciliations, authorizations, and segregation of duties that support this objective. Information and communication relate to obtaining quality information and effective internal and external communication of that information to achieve management objectives.

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

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Condition: The State of Idaho replaced its accounting system with a new enterprise resource planning system, Luma, in July 2023. Under the previous accounting system, fiscal staff used a transaction code that would record the details of the transaction, including the debits and credits, to the appropriate general ledgers. Within Luma, fiscal staff are required to create a complete journal entry including all of the accounting details for the transaction; however, staff can build reusable journal entry templates that simplify the process of entering recurring or structured accounting transactions.

During the audit, we identified errors in the journal entry template for certain cash, other accrued liabilities, and accounts receivable transactions at the Idaho Department of Health and Welfare, reported in the Health and Welfare column of the governmental funds. The template was built so that the debits and credits were reversed, resulting in overstated cash, other accrued liabilities, and revenue. This error was identified in November 2023 and while the template was corrected, the transactions were not. Additionally, an error in an accounts receivable write-off resulted in overstatements to cash and revenue.

Cause: During the implementation of Luma and the integration of required interfaces from the Idaho Department of Health and Welfare systems, there was a lack of proper end-user testing, insufficient personnel training, and incomplete online resources for Luma provided by the Office to State agencies. In addition, the reports provided through Luma were inadequate and incorrect.

Additionally, when the State implemented Luma, the Office discontinued a standard reconciliation process that agreed the State's accounting system to the State Treasurer's Office investment system and the bank. The Office did not implement a new process to reconcile cash amounts among the various systems. A reconciliation process would have increased the chances that the Office would have identified the errors in the journal entry when cash balances did not reconcile to the bank.

Effect: The financial statements submitted for audit contained misstatements that exceeded our materiality threshold for the Health and Welfare column of the Governmental Fund statements. These errors were corrected prior to issuance of the ACFR.

- On the Governmental Funds Balance Sheet, Pooled Cash was overstated by \$433.6 million and other accrued liabilities were overstated by \$280.7 million; and on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, sales of goods and services were overstated by \$152.9 million.
- On the Governmental Activities of the Government-Wide Statement of Net Position, Pooled Cash was overstated by \$433.6 million and other accrued liabilities were overstated by \$280.7 million; and on the Statement of Activities, Charges for Services for the Health and Human Services were overstated by \$152.9 million.

Recommendation: We recommend that the Office implement appropriate internal controls to ensure correct reporting of financial transactions. This includes appropriate reviews of journal entries/templates created by agencies, specifically when the entries/templates impact cash balances, and to reconcile cash between Luma and the Idaho State Treasurer's Office. We further recommend that the Office provide appropriate and accurate financial reports of agency activities and provide training to ensure Luma processes appropriately reflect activity.

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

Corrective Action: *The processes have been corrected and although the agency still needs to make correcting prior period entries in Luma, the statements will reflect the correct entries in the ACFR.*

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. While the fiscal year 2024 template error was corrected by the Department, and the Office made adjustments to the financial statements after notification from the auditors, we would like to emphasize that the Office should implement appropriate policies, procedures, and internal controls to ensure timely correction of errors in the accounting system and accurate financial statements are submitted for audit in the future.

FINDING 2024-102

Weak internal controls allowed multiple misstatements in the Division of Financial Management's grants advances closing package to be included in the financial statements.

Related to Current Finding: 2024-113

Type of Finding: Material Weakness, Material Misstatement

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

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

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

Condition: The Division of Financial Management submitted the grants advances closing package with incorrect beginning balances from the prior year and incorrect expenditures based on account analysis in Luma. After multiple resubmissions, the beginning balance was reported to be \$645,417,330, while the prior-year final closing package shows an ending balance of \$813,695,442, an understatement of \$168,278,112. In addition, reported expenditures were understated by \$8,885,580.

Additionally, when the original error was initially corrected, the Office reversed the debits and credit in the journal entry causing the \$168,278,112 error in Unearned Revenue and Grants and Contributions to be doubled, making the total misstatement \$336,556,224.

These errors were not identified by the Office but were discovered by us.

Cause: The errors were caused by a lack of sufficiently detailed reviews by the Office over journal entries, including those from closing packages and adjusting entries, allowing errors to be processed incorrectly. In addition, the financial statements were not reviewed at a sufficient detail to identify potential misstatements. With the implementation of Luma, and challenges for agencies and the Office in the compilation of the statewide financial statements, these reviews are even more critical in the reporting process.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Effect: The financial statements submitted for audit contained misstatements that exceeded our materiality threshold for the Federal Stimulus column of the Governmental Fund statements. These errors were corrected prior to issuance of the ACFR.

- On the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, Grants and Contributions were overstated by \$168.3 million and on the Balance Sheet, Unearned Revenues were understated by \$168.3 million. In addition, expenditures were understated by \$8.9 million
- On the Governmental Activities of the Government-Wide Statement of Net Position, unearned revenue was understated by \$168.3 million and on the Statement of Activities, Operating Grants and Contributions for the General Government line were overstated by \$168.3 million. In addition, expenditures were understated by \$8.9 million.

Recommendation: We recommend that the Office strengthen the review process to ensure journal entries, including those related to closing packages and adjusting entries, accurately report amounts on the financial statements.

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

Corrective Action: *We have met with the Division of Financial Management and come to an understanding of what should be reported on this closing package. We will have additional reviews of the backup and the transactions on this closing package.*

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

FINDING 2024-103

Errors in the transfer elimination process resulted in overstated revenue and expenditures in the Transportation column of \$102.3 million and \$178.3 million in the Unemployment Compensation column.

Type of Finding: Material Weakness, Material Misstatement

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

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

Condition: Material errors related to transfers were identified in the financial statements provided to us for audit. For the Transportation column of the governmental fund statements, \$102.2 million was included as both Other Income and Economic Development expenditures. For the Unemployment Compensation column of the proprietary fund statements, \$178.3 million was included as Other Income and as Other Expenses. These amounts should have been eliminated as interfund transfers.

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Cause: The Office did not review the financial statements at a level sufficient to prevent the misclassification of transfers. Additionally, unclear establishment of transfer coding, a lack of proper end-user testing, inadequate training of agency personnel and incomplete online resources for Luma resulted in the inconsistent use of event codes and difficulty in identifying transfers from revenues and expenditures.

Effect: The financial statements submitted for audit contained misstatements that exceeded our materiality threshold for the Transportation Major Fund of the Governmental Fund statements. These errors were corrected prior to issuance of the ACFR.

- On the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, Other Income and the Economic Development expenditure line were overstated by \$102.2 million.
- On the Governmental Activities of the Government-Wide Statement of Activities, Charges for Services for the Economic Development line and Expenses for the Economic Development line were overstated by \$102.2 million.
- On the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position, Other Income and Other Expenses were overstated by \$178.3 million.
- On the Business-Type Activities of the Government-Wide Statement of Activities, Charges for Services for the Unemployment Compensation line and Expenses for the Unemployment Compensation line were overstated by \$178.3 million.

Recommendation: We recommend that the Office improve transfer coding and work with State agency personnel to provide additional training on correctly reporting transfers so they can be identified during the elimination process. In addition, we recommend that the Office review the financial statement data at a level sufficient to identify such errors.

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

Corrective Action: *We have updated our process and will ensure that transfers are reported correctly and the appropriate eliminations are made. The ACFR team has incorporated appropriate event code use in agency training. We will also improve reference documentation with additional definitions and explanations. The transfers were corrected for the final FY24 ACFR.*

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

FINDING 2024-104

The Office did not include Supplemental Nutrition Assistance Program (SNAP) non-cash amounts for food benefits of \$280.9 million as Grants and Contributions revenue and Health and Human Services expenditures in the Health and Welfare column on the Governmental Fund Statements.

Related to Prior Finding: 2023-102 communicated on February 15, 2024, in the Internal Control Report

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

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

are policies and procedures that help ensure management directives are carried out and risks are mitigated, including verifications, approvals, reconciliations, authorizations, and segregation of duties that support this objective.

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

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

Condition: Non-cash amounts for the Supplemental Nutrition Assistance Program (SNAP) reported for food benefits on the Department of Health and Welfare’s Schedule of Expenditures of Federal Awards (SEFA) closing package of \$280.9 million were not included in the financial statements provided to the auditors. This amount should have been reported as revenue on the Grants and Contributions line and as expenditures on the Health and Human Services line of the Governmental Fund Statements and also included as Expenses and Operating Grants and Contributions on the Health and Human Services line of the Statement of Activities.

Cause: The Office has procedures in place to ensure that closing package entries are processed properly; however, this procedure occurred after the financial statements had been submitted for audit. The Office identified the error after submission of the financial statements for audit. A well designed and implemented control should have occurred prior to submitting the financial statements for audit.

Effect: The financial statements contained a \$280.9 million misstatement that exceeded our materiality threshold for the Health and Welfare column of the Governmental Fund statements. This error affected multiple lines on the financial statements. Revenues on the Grants and Contributions line and expenditures on the Health and Human Services line of the Governmental Fund Statements were understated, and Expenses and Operating Grants and Contributions on the Health and Human Services line of the Statement of Activities were understated. These errors were corrected prior to issuance of the ACFR.

Recommendation: We recommend that the Office strengthen the design and implementation, including timing, of internal controls to ensure all appropriate closing packages are processed and included on the financial statements prior to submission for audit.

Management’s View: *The State Controller’s Office agrees with this finding.*

Corrective Action: *The information is reported on the SEFA closing package, which normally does not have any processed transactions. Going forward the entry will be added to the Bureau Chief journal entry adjustment log to ensure the transactions are processed.*

Auditor’s Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. We agree that adding the journal entry to the adjustments log to ensure the transactions are processed is a good step. However, including more specific instructions as part of the detailed financial statement review, including adding a step in the review process to provide an opportunity for the Office to detect missing adjustments prior to providing the draft financial statements for audit would strengthen internal controls.

**STATE OF IDAHO
 BASIC FINANCIAL STATEMENTS FINDINGS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINDING 2024-105

The Office’s internal review process did not prevent or detect multiple misstatements in the statewide ACFR submitted for audit that were greater than the trivial threshold but less than material.

Related to Prior Finding: 2023-103 communicated on February 15, 2024, in the Internal Control Report

Related to Current Finding: 2024-113

Type of Finding: Significant Deficiency

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

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

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

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

Condition: Several misstatements and presentation errors were either identified by us and communicated to management during the audit process or identified by the Office after the financial statements were provided to us for audit. The following is a summary of the identified items that exceeded our trivial thresholds but did not exceed the materiality thresholds for the applicable opinion unit and were corrected prior to issuing the ACFR:

Financial Statement Area	Number of Identified Items
Financial Statements	4
Note 2: Deposits, Investments, and Restricted Assets	4
Note 4: Intraentity Transactions	1
Note 6: Capital Assets	3
Note 8: Pension Plans	3
Note 9: Postemployment Benefits Other than Pensions	1

**STATE OF IDAHO
 BASIC FINANCIAL STATEMENTS FINDINGS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Financial Statement Area (Cont.)	Number of Identified Items
Note 11: Leases, Subscription-Based Information Technology Arrangements, and Public-Private and Public-Public Partnerships	2
Note 14: Equity	7
Note 16: Litigation, Contingencies, Commitments, and Encumbrances	2
Note 18: Subsequent Events	2
Management Discussion and Analysis	4
Required Supplementary Information	2

Cause: Internal controls over the compilation process for the ACFR included review of work by a staff member independent of the staff member completing the work; however, these review processes were not at a detailed level sufficient to prevent or detect and correct the misstatements, errors, and omissions listed above. We noted several errors were due to information from the prior year and not updated with current-year information.

Effect: The financial statements and note disclosures submitted contained several misstatements, and information that was not clearly presented. The amounts of which were not material but exceeded our trivial threshold.

Recommendation: We recommend that the Office strengthen the review process over the compilation of the ACFR to ensure that the financial statements, note disclosures, and other information contained therein agree to the documentation that supports those amounts, including closing packages and outside audits.

Management’s View: *The State Controller’s Office agrees with this finding and acknowledges the misstatements and presentation errors identified by the auditors.*

Corrective Action: *All errors were corrected prior to the issuance of the financial statements. The Office will continue to evaluate and make improvements to the internal review procedures. We have updated our preparation processes to allow for a more thorough review of the final product. We will incorporate additional reviews of the linked data into the ACFR. When we receive drafts of audited financial statements, we will create a list of changes and communicate them to the team to ensure final draft numbers are used from the outside audits. Our team will review GASB guidance and take opportunities for training when available. We will be implementing the use of task checklists and prior year findings to ensure a complete and timely review of the notes.*

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

FINDING 2024-106

Over \$30 million was issued in duplicate payments during fiscal year 2024 due to a lack of data validation controls.

Type of Finding: Material Weakness

Criteria: The Federal Information System Controls Audit Manual (FISCAM) provides a methodology for assessing information system (IS) controls published by the Government Accountability Office (GAO). The FISCAM framework is an objective-based control framework that provides guidance in (1) identifying relevant control objectives and (2) identifying and understanding the entity’s IS controls that are likely to achieve the relevant control objectives and are most efficient for testing. The FISCAM controls are consistent with, and mapped to, management requirements for information security and privacy controls included in the National Institute of Standards and Technology (NIST) Computer Security Resource Center publications and specifically include the information

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

security and privacy controls presented in the NIST Special Publication 800-53, Security and Privacy Controls for Information Systems and Organizations.

Business process controls relate to the structure, policies, and procedures for the input, processing, storage, retrieval, and output of data that operate over individual transactions; activities across business processes; and events between business process applications, their components, and other systems.

Condition: The Office replaced the State’s dated mainframe accounting system, STARS, with a cloud-based Enterprise Resource Planning (ERP) system, Luma. After several delays, Luma was implemented on July 1, 2023.

We contracted with Baker Tilly to conduct an IT audit of Luma. Baker Tilly reviewed 101 relevant IT General Controls (ITGC) identified within the FISCAM framework and assessed the reliability of key data across 62 sampled interfaces in 21 modules within Luma from adjacent systems. Modules included General Ledger, Cash Management, Accounts Payable, Accounts Receivable, Payroll, and Benefits.

During the assessment of relevant (ITGC), Baker Tilly identified the following deficiencies related to data validation:

Control Objective Area	Control Count	Deficiencies			Failure Rate
		High Risk	Moderate Risk	Low Risk	
Interface Controls	28	15	7		79%
Data Management	7	1			14%

High risk indicates significant likelihood for material loss or misstatement, compliance concerns, reputational risk, availability and completeness of critical management information, or misappropriation of the State’s assets or data. Moderate risk indicates a moderate likelihood for those things to occur.

High and moderate severity deficiencies related to a lack of data validation procedures, determined to have contributed to a lack of confidence in the integrity of system and interfaced data. Deficiencies related to interface controls (business process controls) were largely a result of inconsistent configurations, incomplete or informally managed specification documentation, and a lack of established data validation controls. In addition, one deficiency was noted surrounding the lack of a validation control to reconcile master/transactional data (non-specific to interfaces).

Specifically, interfaces were inconsistently configured, and specification documentation did not consistently capture information related to error handling, unit and/or user acceptance testing performed, interface custodians, or owners. However, technologies and processes were implemented to reactively respond to issues as the Office was made aware.

In addition, automated mechanisms for ensuring data validity were not consistently implemented or documented within specification documentation or system configurations.

Finally, the Office did not own or assume ownership over processes for data validation and reconciliations that leveraged reporting capabilities of the system. Detective controls to proactively identify issues with interfacing data and/or system functionality in processing were not established.

As a result of these deficiencies, multiple incidents occurred to raise concern surrounding an interface process known as IFS517, which produces a payment output file sent to banks for disbursements.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The first incident occurred in November 2023, during fiscal year 2024. Due to insufficient configuration of referencing parameters within the IFS517 process, the interface reprocessed records from a prior day, which lead to multiple identical payments issued to Medicaid providers totaling approximately \$30 million. Additionally, records of the duplicate payments are not found in Luma. The incident was not discovered until Medicaid providers called the State inquiring about the extra payment.

A second incident occurred in fiscal year 2025. The IFS517 process was stopped before it was completed to address an issue with remittance advices. The process was started again, resulting in duplicate payments, double and sometimes triple payments.

Because none of these duplicate payments were recorded in Luma, there was no way to track them through the accounting system. The Idaho State Treasurer's Office had to track these payments, and the recovery of the payments through a manual process using a spreadsheet.

Additionally, when the Office was questioned about instances beyond the two incidents, we were aware of, it stated that only "one or two, here and there" were seen. This did not instill confidence that additional errors had been detected or prevented.

We learned of two additional instances where duplicate payments were created. One instance was at the Tax Commission; however, the Tax Commission identified the duplicate payments before they were issued. We learned of this instance during our audit at the Tax Commission. The second instance was at the Division of Human Resources where over \$550,000 in duplicate payments were issued. We discovered this instance when the Office was planning to correct the error with an interagency billing rather than an appropriate correcting entry approved by the Legislature, as required by Idaho Code, Section 67-3604, since it was over \$500,000 and within six months of the end of the fiscal year.

Cause: Following the implementation of Luma, several root causes for the origination and/or persistence of issues were identified.

Limited requirements analysis, suboptimal communication, incomplete testing, and ambitious timelines led to misunderstandings and incorrect implementations, a system that is misaligned with operational needs, late-stage defect identification, and a rushed, incomplete implementation.

Inadequate user acceptance testing resulted in a multitude of post-system challenges, including functionality and data reliability issues, inadequate preconfigured reports for financial reporting, integration challenges, complex workflow processes, and system performance issues, such as extended loading times and unstable data extraction.

Challenges in effectively managing the volume of IT support cases submitted by agencies of varying complexity levels led to unresolved issues and prolonged downtime. Agencies have resorted to informational communication channels rather than utilizing the official support case system, despite the simplified process for submitting IT support cases. In addition, resources like Quick Reference Guides are outdated, incomplete, and inaccurate.

Data validation controls, primarily within the interface controls and data management areas, were not effectively designed or implemented. The Office does not operate or own data validation or reconciliation processes to periodically assess the completeness and accuracy of interfacing data. In addition, reporting capabilities are not being utilized to aid in the reconciliation of data source systems. Finally, design documentation and build specifications are informally reviewed and maintained and do not consistently document expected processes and procedures related to interfaced data handling.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The root cause that produced the initial error for each instance of the duplicate payments was different. However, the common dominator between the events was the lack of suitable and effective controls, like reconciliations, to prevent payments from being issued or discovered in a timely manner.

Effect: Unplanned events and errors are to be expected within a large recently implemented ERP system; however, effective controls can mitigate the effects of said errors. Appropriate and adequate information system controls support the design, implementation, and operational integrity of system interfaces by ensuring clear documentation, periodic validation, and effective error handling. The Office’s failure to follow these controls may lead to undocumented or misconfigured interfaces, and incomplete or inaccurate data exchanges, resulting in a lack of trust in Luma system outputs.

Consequently, the operational efficiency of the State agencies’ processes was significantly impacted, resulting in delays, increased costs, and user dissatisfaction. Issues related to inadequate user acceptance testing led to operational disruptions, delays, confusion, increased troubleshooting efforts, reliance on manual Excel work, errors, and significant time investment in data preparation. Ultimately, these challenges have negatively impacted user experience, productivity, and perceptions about Luma’s viability. Moreover, they hinder effective decision-making, erode stakeholder trust, and directly impede program delivery by State agencies, potentially causing delays, errors, and inefficiencies in providing services to constituents. This cascade of issues ultimately undermines overall organizational performance and diminishes the quality and effectiveness of government services.

The IT support case process led to unresolved issues and prolonged downtime. Even with a simplified process for submitting IT support cases, agencies still resorted to informal communication challenges resulting in unresolved issues and prolonged downtime.

The outdated, incomplete, or inaccurate Quick Reference Guides have led to user confusion and inefficiencies, resulting in increased training needs and operational delays.

Data integrity is a core component of any information system. Without periodic data validation procedures, the integrity of system data will continually be scrutinized, and errors will persist. Until effective and routine reconciliation processes are implemented, data integrity will constitute a high risk.

Additionally, errors in interface data may go undetected or unresolved, resulting in data loss, corruption, or delays. Without proper logging, alerting, and escalation mechanisms, the Office may not become aware of critical issues in time to mitigate them, leading to data corruption and increased risk of financial misstatements or fraud.

The lack of data integrity resulted in the State issuing duplicate payments in excess of \$30 million. The duplicate payments were not reflected in the accounting system, therefore, Luma did not correctly report the amount of payments made by the State, nor did it provide a way to recover the payments, forcing them to be tracked outside of luma. Without appropriately designed and implemented controls, duplicate payments may continue to occur without being detected.

Recommendation: We recommend that the Office design and implement appropriate validation controls. These policies and procedures should include data reconciliation procedures; policies regarding how the Office will address system errors, specifically regarding “manual interventions”; timing of periodic testing and review of business process effectiveness, including all implemented interfaces.

In addition, we recommend that the Office develop up-to-date business processes and interface specification documentation that are supported with systemic evidence that supports the design of the interfaces and system configurations.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Specific requirements with relation to duplicate entries or data should be validated through unit and user acceptance testing and ensure that such mechanisms are functioning as expected in accordance with functional and technical requirements as noted by business teams.

To assist the users of the system, we further recommend that the Office implement a holistic approach comprising rigorous requirements gathering with active end-user involvement, clear communication protocols among stakeholders, strengthened testing processes with comprehensive test coverage, and realistic project timelines to address post-system implementation issues effectively. Additionally, we recommend that the Office enhance response time through increased resource allocation, continuous training, automation implementation, routine reviews, clear communication channels, and improved business requirements and testing procedures to better serve agencies with greater efficiency and support.

The Office should improve communication by implementing clear protocols and utilizing IT service management tools to ensure stakeholders receive transparent updates regarding support case status and future actions. The Office should also promote the adoption of the official ticketing system through training sessions that highlight its benefits and ongoing reinforcement efforts. Finally, the Office should review and update the Quick Reference Guides to reflect system changes and provide accessible training materials to mitigate user confusion.

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

Corrective Action: *The Office has incorporated automated checks to prevent duplicate payments in the future. The automated script compares the data to the previous files and will send notification to the Office of any issues that need to be reviewed prior to routing to the bank. The Office has also implemented a process whereby validation reports have been built and are sent to agency representatives quarterly that will allow agencies to validate that the data interfaced into Luma from their local systems is correct in Luma.*

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. We would like to clarify that the duplicate payment error would not have been detected by the validation process mentioned in the corrective action plan whereby reports are sent to agency representatives to validate that the data interfaced into Luma from their local systems is correct in Luma. The amounts reported in Luma agreed to the agency's local system amounts, but neither of those systems agreed to the ISF517 file that was sent to the bank for payment. The error occurred in the payment interface file sent to the bank that was not reconciled back to Luma, and without an overall reconciliation process from the bank to account balances, this type of error would continue to go undetected. Reconciling the ISF517 file to Luma should be the responsibility of the Office.

FINDING 2024-107

Multiple control deficiencies were identified in Luma's Security and Privacy Program increasing the risk of fraud, unauthorized transactions, data manipulation, or undetected errors.

Type of Finding: Significant Deficiency

Criteria: The Federal Information System Controls Audit Manual (FISCAM) provides a methodology for assessing information system (IS) controls published by the Government Accountability Office (GAO). The FISCAM framework is an objective-based control framework that provides guidance in (1) identifying relevant control objectives and (2) identifying and understanding the entity's IS controls that are likely to achieve the relevant control objectives and are most efficient for testing. The FISCAM controls are consistent with, and mapped to, management requirements for information security and privacy controls included in the National Institute of Standards and Technology (NIST) Computer Security Resource Center publications and specifically include the information security and privacy controls presented in the NIST Special Publication 800-53, Security and Privacy Controls for Information Systems and Organizations.

**STATE OF IDAHO
 BASIC FINANCIAL STATEMENTS FINDINGS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Business process controls relate to the structure, policies, and procedures for the input, processing, storage, retrieval, and output of data that operate over individual transactions; activities across business processes; and events between business process application, their components, and other systems.

Security management controls provide the foundation of a security-control structure and reflect senior management’s commitment to addressing security risks. Information security management programs provide a framework and continuous cycle of activity for managing risk, developing and implementing effective security policies, assigning and communicating responsibilities, and monitoring the adequacy of the entity’s IS controls.

Access controls, also known as logical and physical access, limit access or detect inappropriate access to information resources (i.e., data and information technology), thereby protecting these resources against unauthorized modification, intentional or unintentional loss, impairment, and disclosure. Logical access controls require users to authenticate themselves and limit the files and other resources that authenticated users can access and the actions that they can execute. Physical access controls involve restricting physical access to information resources and facilities.

The segregation of duties category relates to the policies, procedures, and an organizational structure for managing who can control key aspects of computer-related operations and thereby prevent unauthorized actions or unauthorized access to assets or records. Segregation of duties involves segregating work responsibilities so that one individual does not control all critical stages of a process. Effective segregation of duties is achieved by splitting responsibilities between two or more individuals or organizational units. In addition, dividing duties this way diminishes the likelihood that errors and wrongful acts will go undetected because the activities of one group or individual will serve as a check on the activities of the other.

Contingency planning provides for the continuation of critical or essential mission and business functions in the event of a system disruption, compromise, or failure and the restoration of the information system following a system disruption. Contingency planning involves protecting against losing the capability to process, retrieve, and protect electronically maintained information. Effective contingency planning is achieved by having procedures for protecting information resources and minimizing the risk of unplanned interruptions. It also involves having a plan to recover and reconstitute information systems should system disruptions occur.

Condition: The Office replaced the State’s dated mainframe accounting system, STARS, with a cloud-based Enterprise Resource Planning (ERP) solution, Luma. After several delays, Luma was implemented on July 1, 2023.

We contracted with Baker Tilly to conduct an IT audit of Luma. Baker Tilly reviewed 101 relevant IT General Controls identified within the FISCAM framework and assessed the reliability of key data across 62 sampled interfaces in 21 modules within Luma from adjacent systems. Modules include General Ledger, Cash Management, Accounts Payable, Accounts Receivable, Payroll, and Benefits.

During an assessment of relevant IT General Controls, Baker Tilly identified 37 deficiencies related to an informally managed security and privacy program.

Control Objective Area	Control Count	Deficiencies			Failure Rate
		High Risk	Moderate Risk	Low Risk	
Security Management	17		11	4	88%
Segregation of Duties	5		4		80%
Access Controls	16		4	2	38%

**STATE OF IDAHO
 BASIC FINANCIAL STATEMENTS FINDINGS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Control Objective Area (Cont.)	Control Count	Deficiencies			Failure Rate
		High Risk	Moderate Risk	Low Risk	
Contingency Planning	3			2	67%
Application General Controls	21		6	4	48%
Configuration Management	4				0%

Moderate risk indicates a moderate likelihood for material loss or misstatement, compliance concerns, reputational risk, availability and completeness of critical management information, or misappropriation of the State’s assets or data. Low risk indicates a low likelihood for those things to occur.

Moderate and low severity deficiencies were indicative of informally implemented security and privacy functions with design or documentation gaps. These deficiencies were largely a result of key security or privacy processes that have not been formalized or fully implemented to the requirements outlined within the FISCAM framework.

While the controls within access management need improvement, the severity of the deficiencies were determined to be of moderate or low risk. There were 16 controls identified for testing and 6 deficiencies were noted, a 38 percent failure rate.

Out of 3 controls tested for contingency planning, 2 deficiencies were identified, a 67 percent failure rate. Of 21 controls assessed under the application general controls (business process controls), 10 deficiencies were identified, a 48 percent failure rate. These deficiencies in contingency planning and application general controls were generally due to informalized and unmanaged policies and procedural documentation or were a result of key security or privacy processes that have not been formalized or fully implemented to the requirements within the FISCAM framework. These deficiencies were determined to be moderate or low risk.

No deficiencies were identified related to the tested configuration management controls.

Specifically, the Office has not formally designed and documented policies and procedures with relation to the security and privacy program for Luma to be maintained and updated on a periodic basis.

In addition, critical security processes (i.e., a formal risk assessment, access reviews and restriction of privileged access, incident response program, business continuity and disaster recovery plan, audit logging and monitoring capabilities, etc.) have not been formally designed, documented, or implemented to the expected level of maturity outlined in the FISCAM framework.

While a role-based access model is utilized, the Office did not implement controls to periodically and continuously evaluate potential segregation of duties conflicts and enforce the principle of least privilege when allocating permissions to users.

Finally, security and privacy controls that currently exist within the control environment are largely informal, unoptimized, and performed on an ad-hoc basis.

When a State employee requires access to Luma or a modification to their current authorizations, an appointed authority (Security Request Administrator) at the agency will submit an online Security Access Request (SAR) form to the Office. The Office security team uses this information to update the employees’ permissions and access roles within Luma.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

We performed testing of user access roles. In a sample of 40 users, there were 41 instances of “non-matching” access roles to their SAR forms among 17 of the 40 individuals. These “non-matching” user permissions to their SAR forms occur in two forms:

1. Based on the user’s SAR form, the user should have access to an access role based on the user’s position and job duties, but the user did not have access to the necessary and approved role.
2. Based on the user’s SAR form, the user should NOT have access to an access role based on the user’s position and job duties but did have access to an unnecessary or unapproved role.

There were instances of both forms of discrepancies found within the Office’s lists.

Cause: Following the implementation of Luma, several root causes for the origination and/or persistence of issues were identified.

Limited requirements analysis, suboptimal communication, incomplete testing, and ambitious timelines led to misunderstandings and incorrect implementations, a system that is misaligned with operational needs, late-stage defect identification, and a rushed, incomplete implementation.

Key security and privacy processes, including the lack of updated or managed policies and procedures and inadequately designed security and privacy controls are informally designed and implemented. Specifically, a formal security and privacy management program has not been established through updated policies and procedures. Critical security processes (i.e., a formal risk assessment, access reviews and restriction of privileged access, incident response program, business continuity and disaster recovery plan, etc.) have not been formally designed, implemented, or documented. Security and privacy controls that currently exist within the control environment are largely informal, unoptimized, and performed on an ad-hoc basis.

During the audit period, there was no review or reconciliation of user SAR forms to actual Luma user access roles and user permissions. While the Office purchased Infor’s Governance, Risk, and Compliance (GRC) software, it was not implemented during the fiscal year. The GRC software includes:

- Automated monitoring. Continuously oversees user access and business processes to detect segregation of duties violations and potential fraud.
- Streamlined user provisioning. Facilitate compliant user provisioning by automating access requests and role changes and providing audit trails for all activities.

Effect: Weak governance documentation and procedures create opportunities for concern of defined security and privacy controls that safeguard the system, operations, and its userbase by users and management.

Consequently, the operational efficiency of the State agencies’ processes was significantly impacted, resulting in delays, increased costs, and user dissatisfaction. Issues related to inadequate user acceptance testing led to operational disruptions, delays, confusion, increased troubleshooting efforts, reliance on manual Excel work, errors, and significant time investment in data preparation. Ultimately, these challenges have negatively impacted user experience, productivity, and perceptions about Luma’s viability. Moreover, they hinder effective decision-making, erode stakeholder trust, and directly impede program delivery by State agencies, potentially causing delays, errors, and inefficiencies in providing services to constituents. This cascade of issues ultimately undermines overall organizational performance and diminishes the quality and effectiveness of government services.

Ensuring system users have the appropriate system permissions and access roles is a critical component of an effective information system. Failure to implement key controls may result in users having excessive or conflicting access, increasing the risk of fraud, unauthorized transactions, data manipulation, or undetected errors.

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

This lack of segregation may lead to financial misstatements, weakened internal control environments and audit findings.

Recommendation: We recommend that the Office formalize and strengthen governance of existing security and privacy processes and controls, ensure user access controls incorporates segregation of duties considerations, and implement key incident response and risk assessment programs.

We further recommend that the Office establish routine reconciliation procedures to ensure user access roles and system permissions match their SAR form. We also recommend that the Office regularly review SAR forms to verify they are accurate and updated. This may be done through the implementation of the GRC software to aid user provisioning and user access monitoring.

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

Corrective Action: *The Office is implementing the use of Governance Risk and Compliance (GRC) software to identify control deficiencies. The Office has developed policies prioritized in the IT audit and continues to review and refine the policies on an ongoing basis.*

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. We are concerned that the implementation of Governance Risk and Compliance software is not currently providing adequate oversight and will continue to monitor its implementation and effectiveness.

FINDING 2024-108

A reconciliation was not completed to ensure the completeness of payroll accruals included in the statewide financial statements.

Related to Prior Finding: 2023-104 communicated on February 15, 2024, in the Internal Control Report

Type of Finding: Significant Deficiency

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

Condition: As part of the year-end process, the Office records year-end payroll accruals for the portion of June payroll paid out in July. During our testing of the procedures to complete the fiscal year 2024 payroll accruals, we noted no reconciliation was performed to ensure the completeness of the payroll accrual amounts. Verifying completeness of the population ensures that all transactions that should have been included have been recorded in the financial statements.

Cause: On June 11, 2023, the State transitioned the payroll system from the Office using EIS and STARS systems to the Human Capital Management (HCM) system within Luma. This transition is part of the overall implementation of the new enterprise resource planning system, Luma. Due to the transition, queries were not available, and only Luma Payroll Distribution reports were used for calculating the payroll accruals. No reconciliation occurred between the Human Capital Management system and the Finance and Supply Management (FSM) system, the financial module in Luma.

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Payroll transactions are entered into HCM and uploaded to FSM. This reconciliation is necessary to ensure that all time entered into the HCM module and associated payroll costs were accurately included in the FSM module. Without a reconciliation, we were unable to verify that the payroll accrual was complete, and all costs were included.

Effect: Not performing a reconciliation increases the risk of inaccurate or incomplete payroll accruals that could be significant to the statewide ACFR.

We performed an analytical procedure to determine if the accrual amount is materially accurate and reasonable. Based on the application of that procedure, we have determined that the accrual is reasonable and very likely materially accurate; however, a significant deficiency in control activities still remains that increases the risk of errors or omissions that could be material and go undetected.

Recommendation: We recommend that the Office ensure that a reconciliation is performed to verify that the payroll accruals are complete and accurate.

Management's View: *I have reviewed the report covering fiscal year 2024 and agree with the auditors' findings.*

Corrective Action: *As of October 2024, SCO implemented a new reconciliation procedure to ensure that payroll accruals are accurate and complete. This procedure includes bi-weekly review and validation steps designed to improve the accuracy of the information reported in the statewide financial statements.*

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

FINDING 2024-109

The statewide accounting system does not have system controls to prevent employees from modifying their timesheets after supervisor approval.

Type of Finding: Significant Deficiency

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

Condition: As part of our audit of the ACFR, we tested internal controls related to timesheet processing. The statewide accounting system, Luma, has controls in place for employees to enter their time worked and supervisors to review the timesheets for accuracy and electronically sign them as approval. Our testing found that employees could change their timesheets after their supervisor had signed off on the timesheet indicating it had been reviewed. Luma did not generate a notification to alert the supervisor that the timesheet had been changed subsequent to approval.

Cause: Luma does not have system controls in place to prevent employees from altering their timesheets subsequent to supervisor approval or to alert supervisors that the timesheets have been altered.

Effect: Without controls in place to prevent employees from altering timesheets after supervisor approval, or notifications alerting supervisors that timesheets have been altered, employees could commit timesheet fraud. Sick time and vacation time could be changed to actual time worked or overtime hours could be added to timesheets increasing the employees' comp-time or total pay.

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Recommendation: We recommend that the Office design and implement system controls in Luma to prevent employees from altering their timesheet after a supervisor has approved it.

Management's View: *I have reviewed the report covering fiscal year 2024 and agree with the auditors' findings.*

Corrective Action: *As of February 2025, we reconfigured the system so any modification made to a timesheet after approval automatically unauthorizes the timesheet and triggers a notification to the employee's manager. While the system does not fully prevent post-approval modifications, it ensures that employees cannot be paid on unauthorized timesheets.*

Additionally, the system locks employees out of their timesheets every Wednesday at 12:00 p.m., preventing further edits. Any modifications required after this cutoff must be submitted through agency payroll for manual adjustment and reauthorization. We believe this configuration serves as a strong mitigating control that significantly reduces the risk of inappropriate timesheet changes and timesheet fraud.

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

STATE DEPARTMENT OF EDUCATION (Department)

FINDING 2024-110

The Department did not adequately monitor data that supports \$574,773,460, or 24.5 percent, of the statewide distribution payments made to school districts and charter schools in fiscal year 2023, nor did they properly implement corrective action procedures for fiscal year 2024.

Related to Prior Finding: 2023-105 communicated on February 15, 2024, in the *Internal Control Report*

Type of Finding: Significant Deficiency

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

Idaho Code, Section 33-701(6), requires school districts to submit audited financial statements for review by the Department by November 10 each year. If the Department requests further explanation or additional information regarding the audit report, the school district shall provide a full and complete response within 30 days of the request. Idaho Code, Section 33-701(7), requires school districts to annually file with the Department such financial and statistical reports required by the State Superintendent of Public Instruction.

The Department published a *Memorandum to Auditors of Idaho's Public School Districts and Charter Schools* (Memo) outlining several areas the Department requested auditors to review and test during the audit of Idaho's public schools. Specific areas of review include revenue and expenditure coding and accuracy of attendance, staffing, and pupil transportation data. This review should include testing of the submitted attendance data and confirmation that schools are reporting in compliance with Department guidelines and State Board Rules and Regulations. The memo also asked auditors to sign a letter of assurance on their procedures. The letter of assurance requires auditors to certify that their testing procedures included reviewing the applicable school year's Idaho System for Educational Excellence (ISEE) school data. The completed letter is required to be sent to the Department by December 1 each year.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The *Internal Control Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include risk assessment and control activities and monitoring. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated, including verifications, approvals, reconciliations, authorizations, and segregation of duties that support this objective. Monitoring is the evaluation of results of the internal controls system and remediation of deficiencies in a timely manner.

Condition: This is a repeat finding of Finding 2022-103 and 2023-105 related to the Department’s use of data from the ISEE, which is the State longitudinal system required through IDAPA 08.02.01 to calculate and distribute foundation payments to Idaho school districts. School districts directly submit the required data, such as student attendance and teacher information, through ISEE.

To address a prior finding, the Department implemented procedures to require the school districts’ auditors to sign a letter of assurance confirming their review of submitted attendance data. We selected a sample of school districts and charter schools and reviewed whether the auditors signed the letter of assurance for the 2022-2023 school year. Out of the 19 school districts reviewed, 2 did not have signed letters. Both deviations were from the same auditor. Upon further review, we discovered that the auditor would not sign the letter for 6 of the 186 statewide school districts they were contracted to audit. The auditor believed the attestation would require a level of assurance for which they were not engaged. The auditor stated that they could not certify their procedures were sufficient for the Department’s purposes as they have not followed professional assurance standards related to testing State compliance. Further, the Department did not perform other review procedures for these 6 school districts.

The Department continues to develop procedures to complete additional deeper reviews of a sample of public and charter schools’ audit reports to verify the accuracy of data reporting. However, these procedures were not completed during fiscal year 2024.

Cause: The Department has been in the process of implementing its proposed corrective action plan for the fiscal year 2022 and 2023 audits. However, the implementation is taking longer than expected. Fiscal year 2024 was the first year the Department required auditors to sign a letter of assurance, and they did not include procedures to address auditors that might decline signing and had no alternative monitoring procedures identified or performed by the Department to address the weakness. In fiscal year 2025, the Department was able to hire additional staff to complete additional reviews of school districts to verify the accuracy of data reporting.

Effect: Each year, the Department distributes over \$2.3 billion to public school districts, which is the majority of their general maintenance and operating revenues. The amount distributed is based on attendance and staffing information provided by the public schools through the ISEE data reporting. Without assurances that the data input into the system is accurate, the Department is at risk of providing incorrect payments to school districts. The school districts audited by the accounting firm that declined to sign the letter of assurance received \$574,773,460, or 24.5 percent, of the total funding provided to schools for the 2022-2023 school year. Public school districts’ audit information related to the 2023-2024 school year was not available at the time of our review.

Recommendation: We recommend that the Department fully implement procedures to ensure a review of the attendance data entered by school districts.

Management’s View: *We are in general agreement with this finding.*

Correction Action: *The Idaho Department of Education (Department) hired an auditor in December 2024, based on funding and legislative approval received during the 2024 Legislative session. The individual in this position*

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

developed an annual risk assessment of public school finance including an activities list, consolidated and prioritized activities list, pre-controls risk assessment, control activity list for each category, and post-controls risk assessment. Further review found that controls are in place to reduce the risk associated with data accuracy and monitoring, as well as other inherent risks. Risk assessments and further testing will be conducted annually.

Letters of assurance were sent to and collected from external LEA auditors regarding the review of additional data in the areas of attendance, staffing, and transportation. If an external auditor does not sign the letter of assurance, the districts they serve are considered higher risk, and the Department will conduct additional audits. The process for monitoring and reporting attendance and enrollment, including calculations of average daily attendance for dual enrollment calendars and alternative calendars, was reviewed. This process was analyzed for accuracy and consistent implementation across multiple situations within the public schools.

Reviews of procedures and calculations to reduce risks are ongoing, including additional scrutiny on prior-year corrections and initial employee placement requests; tracking and submitting attendance data for virtual and hybrid programs; and further monitoring of instructional hours.

Auditor’s Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. We appreciate the progress made to implement corrective action plans from prior audit findings and agree that the auditor position filled in December 2024 will further support progress on completing the corrective action plan. We want to emphasize that implementation of the final corrective action step from the fiscal year 2023 audit “...the Department staff will request the audit workpapers from a small sample of school districts and charter schools to do a deeper review and verify that items included in the Letter of Assurance were reviewed and documented.” is an important final step in the risk assessment process implemented by the Department.

IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY (Department)

FINDING 2024-111

The Department was unable to reconcile the Loans and Notes Receivable ending balance between Loan & Grant Tracking System (LGTS) and the State’s accounting system, Luma, for the Clean Water and Drinking Water State Revolving funds, and balances reported are incorrect.

Type of Finding: Material Weakness

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.

Each year, State agencies are required to report accounting information to the Office in the form of closing packages, which provide the information necessary to prepare the statewide ACFR. The Office provides instructions for preparing the closing packages in accordance with Generally Accepted Accounting Principles (GAAP). The Department submitted an accounts receivable closing package for the amounts expected to be collected for outstanding loans and notes receivable.

Management is responsible for establishing a process for preparing accounting information based on relevant, sufficient, and reliable data. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated. These activities include segregation of duties, adequate review and authorization of financial transactions, and maintaining supporting documentation or other reliable records as the basis for reports.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Condition: The Department is required to report the loans and notes receivable balances for the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) to the State as of June 30, 2024. The Department utilizes an internal system to track loans and notes receivable, the LGTS. The Department runs a report in LGTS to obtain the current and noncurrent loan balances for the CWSRF and DWSRF. The Department used a LGTS report showing loan receivable balances as of May 30, 2024, to determine the loans receivable totals to report to the Office. This LGTS report did not include loan payments received in May 2024 and June 2024.

The LGTS reports are also used to reconcile monthly payments and loan balances in LGTS to Luma. However, the Department was unable to agree the Loans and Notes Receivable balances for the CWSRF and DWSRF in LGTS to the balances shown in Luma for fiscal year 2024.

Cause: Incorrect and inaccurate month-end reports were used, and a detailed review was not completed by Department personnel to identify and correct the error. The Department used a report dated May 30, 2024, instead of June 30, 2024, for the total loan receivable balances. Further, this report did not account for loan payments received in May 2024 and June 2024.

In addition, the Department was unable to reconcile fiscal year 2024 Loans and Notes Receivable balances for the CWSRF and DWSRF in LGTS to the ending balances shown in Luma. Luma is not designed to track loan portfolios. The Department has notified the Office of this issue, but the issue has not yet been resolved.

Effect: The loan receivable amounts reported on the closing packages were overstated by \$1,525,524 for the CWSRF and \$1,006,602 for the DWSRF due to errors in the internal reports used by the Department. The Loans and Notes receivable balances for the CSWRF and DWSRF are understated in Luma by \$101,395 in the CWSRF and \$2,286,509 in the DWSRF.

These amounts are not material to the statewide financial statements; however, the extent of errors increases the risk of additional errors occurring and not being detected and corrected.

Recommendation: We recommend that the Department strengthen the controls over the closing package reporting process to ensure closing package amounts are reported accurately and appropriately.

We also recommend the Department work with the Office to reconcile loan balances in Luma on a regular basis to ensure accurate tracking and reporting.

Management's View: *We are in general agreement with this finding.*

Correction Action: *DEQ has had significant turnover in the fiscal office. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures, including those for fiscal year end closing packages. The Department anticipates having trained, knowledgeable staff completing the closing packages for the 2026 fiscal year end.*

The fiscal office currently performs a monthly reconciliation process between the Loan & Grant Tracking System (LGTS) and the State of Idaho's Accounting System (Luma).

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

FINDING 2024-112

The Department's internal review failed to prevent an overstatement of revenue by \$83.7 million for the American Rescue Plan Act (ARPA) SLRF Fund.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Type of Finding: Material Weakness

Criteria: The *Internal Control Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), 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.

Management is responsible for establishing a process for preparing accounting information based on relevant, sufficient, and reliable data. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated. These activities include segregation of duties, adequate review and authorization of financial transactions, and maintaining supporting documentation or other reliable records as the basis for reports.

Condition: Funding was made available to the Department from the ARPA Fund for water infrastructure and remediation projects during fiscal year 2024. The Division of Financial Management received the funds and completed statutory transfers to the Department's ARPA Fund, as appropriated by the Legislature. The Department also utilized a Generate Invoice option in Luma to create revenue transactions based on the ARPA Fund disbursements. Those invoices generated a revenue entry, in addition to the transfer, when no money was received by the Department. This effectively recorded \$83.7 million in the ARPA Fund twice. The error was identified by auditors and corrections were provided to the Office of the State Controller.

Cause: The Department's review procedures were not performed at a level sufficient to identify and correct the errors prior to processing the transactions. In part, this was due to insufficient personnel training for Luma that might have enabled staff to better understand the full effects of data entry processes.

Effect: The Department overstated revenue in the ARPA Fund by \$83,688,411. The amount is material to the statewide financial statements but was corrected prior to issuance of the statewide ACFR. Weaknesses in internal controls also increase the risk that other significant errors could occur and would go undetected.

Recommendation: We recommend that the Department strengthen the review process and obtain training in the Luma receipt process to ensure that accurate and reliable financial information is included in the accounting system.

Management's View: *We are in general agreement with this finding.*

Correction Action: *DEQ has had significant turnover in the fiscal office. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures. The fiscal office is currently working with the State Controller's Office (SCO) on creating a series of work sessions to help train new fiscal staff, particularly on project set up and management, and accounts receivable processes and procedures. These work sessions will include when and how to properly generate a project invoice, and receipt and record the corresponding revenue. The fiscal office is currently developing the work sessions with SCO and will start them once new staff are hired. The anticipated start date of the work sessions is the beginning of calendar year 2026. In the meantime, DEQ fiscal office has a standing meeting with SCO every other week to discuss current issues the agency is needing assistance with.*

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

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

DIVISION OF FINANCIAL MANAGEMENT (Division)

FINDING 2024-113

The Division's internal review failed to prevent a misstatement of \$175 million on the Grants Advances closing package for the American Rescue Plan Act funds.

Related to Prior Finding: 2023-106 communicated on February 15, 2024, in the Internal Control Report

Related to Current Findings: 2024-102, 2024-105

Type of Finding: Material Weakness, Material Misstatement

Criteria: The *Internal Control Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), identifies control activities that help ensure management directives are carried out and risks are mitigated. These activities include adequate review and authorization of financial reporting and using the general ledger or other reliable records as the basis for reports.

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

Condition: The Division submitted to the Office the Form 15B - Grants Advances closing package related to the American Rescue Plan Act (ARPA) Fund 344 with errors. The original submission was understated by \$154,759,734. The second submission was understated by \$175,110,403.

In the original submission, the advance beginning balance was understated by \$198,357,020, the amount expensed was understated by \$43,597,286, and the advance ending balance was understated by \$154,759,734.

In the second submission, the advance beginning balance was understated by \$183,995,983, the amount expensed was understated by \$8,885,580, and the advance ending balance was understated by \$175,110,403.

Cause: The original submission included the amounts directly expended by the Division; however, the amounts distributed to other agencies for the ARPA Fund 344 were not included. In addition, the original submission included incorrect beginning balances for three fund detail codes. The Division's personnel who completed the Grants Advances closing package were not sufficiently trained, and the Division's review procedures were not performed at a level sufficient to identify and correct the errors prior to submission to the Office.

Effect: The statewide ACFR would have included understatements of grant advances totaling \$175,110,403 related to ARPA funding had they not been discovered during the audit and corrected. The Division submitted corrected information to the Office to be properly included in the statewide financial statements.

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

Management's View: *The agency agrees with this finding. With significant turnover at DFM, it was initially assumed that agencies who receive ARPA SLFRF funds would report on their own grant advance closing packages. DFM worked closely with SCO to determine other agencies' cash balances and added it to DFM's ending cash to correct this error in the final ACFR submission for FY25.*

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Correction Action: *The initial grant advance closing packet was submitted without other agencies ARPA SLFRF balances being included. We appreciate both LSO and SCO for working with DFM to get this corrected in the final submission. While this technical error did not result in any errors in agency fund availability, DFM agrees that correct information on all financial statements is crucial to ensure public confidence in state government. DFM will work with SCO to determine other agency cash balances in the ARPA SLFRF funds, then add that to DFM's balances to report in the grant advance closing packet for future years.*

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. While the fiscal year 2024 errors have been corrected, we would like to emphasize that the Division create appropriate policies and procedures, obtain training, and implement appropriate internal controls to ensure accurate closing packages are prepared and submitted in the future.

IDAHO DEPARTMENT OF HEALTH AND WELFARE (Department)

FINDING 2024-114

The Department structured some journal entries in the accounting system incorrectly and did not identify or correct the errors during the fiscal year resulting in a material overstatement of \$491 million to cash in the statewide *Annual Comprehensive Financial Report (ACFR)*. Additional accounts had corresponding over/understatements related to these errors.

Related to Current Finding: 2024-101

Type of Finding: Material Weakness, Material Misstatement

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 items such as approvals, authorizations, verifications, reconciliations, and segregation of duties.

Condition: The State implemented a new Enterprise Resource Planning system, Luma, in July 2023. The Department's Division of Financial Services was tasked with setting up templates in Luma, the State's accounting system, for accounting transactions. This setup included project codes in the D78 table. The D78 table was set up incorrectly, specifically for other accrued liabilities and cash accounts. An incorrect reversal indicator was used which resulted in a doubling effect to cash when the transaction processed.

The coding error was discovered in November 2023 during a reconciliation process. However, a review of past activity to determine the impact to the accounts, and appropriate adjustments, was not completed for fiscal year 2024. The correct account codes and amounts needed for the adjustment were difficult to identify due to the complexities associated with Luma. After the issue was identified and communicated during the audit, the Department determined that the overstatement of other accrued liabilities and cash requiring adjustment totaled \$359 million.

In addition, some federal draw transactions were miscoded in Luma. When incorrectly coded payments for accounts receivable transactions were reversed (corrected), Luma used default coding to increase a revenue account instead of decreasing the cash account. The error associated with the incorrect setup of the accounts receivable transactions totaled \$132 million, overstating cash.

Cause: During the implementation of Luma and the integration of required interfaces from Department systems, there was a lack of proper end-user testing and insufficient personnel training in Luma provided by the Office of the State Controller. In addition, the Department did not complete a review of the setup of accounting transactions

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

at a level detailed enough to identify the errors. The Department did not perform timely reconciliations of accounts, also partly due to a lack of appropriate reporting provided by Luma in fiscal year 2024. In the aggregate, these factors lead to the inclusion of material misstatements in the statewide ACFR.

Effect: The statewide ACFR included material misstatements due to accounting errors in Luma. The overstatement of cash related to the D78 table error totaled \$359 million and the overstatement of cash related to the accounts receivable error totaled \$132 million.

Recommendation: We recommend that the Department work with the Office of the State Controller to ensure templates are properly tested and work as intended and to provide training for staff when possible and implement system enhancements as they are made available. In addition, we recommend that the Department strengthen internal controls over the setup of default transactions in Luma, including reviews for accuracy and appropriateness.

Management's View: *The Department **Agrees** with the finding. The Department also **Agrees** with overstatement of cash resulting from the accounts receivable error totaling \$132 million.*

Corrective Action: *The Department agrees with the finding related to the overstatement of cash resulting from the D78 table error totaling \$359 million. The D78 issue was largely the result of migrating to a new ERP. Although we did have a review process of the conversion and tested with SCO, we missed identifying this error. When we discovered the table error, the D78 table was corrected and validated, however, the necessary transactional corrections were missed. This error happened very early on after go-live, and staff didn't have the knowledge base needed or the reporting tools available to identify and correct transactional level data at that point. Staff now has a broader knowledge and understanding of the system, as well as reporting tools and processes in place to ensure compliance.*

Testing: The Department will work with the Office of the State Controller to ensure future conversions are thoroughly tested and work as intended. Testing must be completed and both DHW and SCO must sign off prior to changes going live.

- 1. Strengthen Internal Controls and Reconciliation Processes: Applicable staff are now monitoring suspense account activity to identify anomalies. Monitoring is conducted at least monthly by the Financial Policy and Reporting team and any necessary corrections are made within 45 days.*
- 2. Develop and Implement Written Policies and Procedures: In November 2024 written procedures were completed and implemented that clearly outline how to properly perform an AR write-off. These were updated in April 2025 after changes were made to Luma to ensure alignment. These documents are reviewed and changed to align with ongoing Luma updates*
- 3. Documents are maintained on a share drive available to all applicable staff.*
- 4. Staff Training: Current staff and supervisors were trained in November 2024 on the correct procedures to perform an AR write-off, updated training was provided to staff in April 2025 when processes were updated. All new staff will be trained on the proper process as part of their normal training.*

Additional Information: Additional action will need to be taken to adjust financial statements and complete prior period adjustments in the Luma system. DHW is working with SCO and the legislature to obtain the necessary approval to complete the correction transactions. We anticipate this will resolved during the 2026 legislative session.

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

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

IDAHO DEPARTMENT OF LABOR (Department)

FINDING 2024-115

The Department overstated accounts receivable by \$32,977,010.

Type of Finding: Significant Deficiency

Criteria: Each year, State agencies are required to report accounting information in the form of closing packages to the Office of the State Controller (Office) to provide the details necessary to prepare the statewide *Annual Comprehensive Financial Report* (ACFR). The Office provides instructions for preparing the information in the closing packages in accordance with Generally Accepted Accounting Principles (GAAP). The Department submitted the accounts receivable closing package to report amounts expected to be collected from the overpayment of unemployment insurance benefits, unemployment reimbursements from other states, and taxes due.

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, using the general ledger or other reliable records as the basis for reports, and comparing estimates to actual financial results to determine accuracy. Information and communication are the identification, capture, and exchange of information, including adequate source documentation to support financial transactions.

Condition: The Department's accounts receivable includes three elements: overpayments of unemployment insurance benefits, reimbursements from other states for benefits paid, and taxes receivable from employers. These three items, along with an estimate for receivables they determine will be uncollectable, are reported on the accounts receivable closing package.

The amount reported as total accounts receivable was \$118,812,058 with an uncollectible amount estimated to be \$1,811,926 for a net receivable of \$117,000,132. Our testing found that the initial accounts receivable incorrectly included a calculation of interest earned on the amount due and that the estimate for the uncollectable amount was calculated using information that did not accurately reflect the historical rate of collection. These errors caused the net accounts receivable to be overstated.

Cause: The Department has a segregation of duties and review control procedure in place to prevent errors in the accounts receivable closing package. However, this procedure did not detect the errors.

The Department used a report that incorrectly included interest calculated on the balance of accounts receivable from the overpayment of benefits. The Department's calculation of uncollectable amounts included an assumption that all accounts receivable from the overpayment of benefits would be 100 percent collectible if the accounts were less than 10 years old due to a lien process. This assumption was significantly different than the assumption used in prior years, and the Department could not provide evidence of a significant change in the collectability of those accounts. Our evaluation of the Department's historical data for collecting these amounts found that the actual collection rate is considerably lower, and the 100 percent collection rate was not a reasonable estimate.

Effect: The accounts receivable closing package initially reported \$118,812,058 as receivable, but this amount incorrectly included interest calculated at \$10,356,607, which resulted in an overstatement.

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The uncollectable amount of accounts receivable was initially reported as \$1,811,926. The revised amount recalculated using historical collection rates was \$24,432,329, resulting in an understatement of the allowance for doubtful accounts and an overstatement of \$22,620,403 in the accounts receivable balance. The combined overstatement of net accounts receivable was \$32,977,010. After the misstatement was identified, the Department worked with the Office to submit the correct amounts for inclusion in the statewide financial statements.

Recommendation: We recommend that the Department strengthen internal control procedures and training to improve the accuracy of the accounts receivable estimate, including a retrospective review to evaluate assumptions and verify the accuracy of the estimate.

Management's View: *The Department agrees with the audit finding and corrected the errors prior to issuance of the SFY24 ACFR.*

Corrective Action: *Moving forward, the Department will take the following steps to strengthen internal control practices for this and other financial reporting functions:*

- 1. Changes to internal accounting practices will be vetted and approved prior to staff implementation. Deviations from the established procedure will go through an upline approval process.*
- 2. For all closing packages, staff have compiled 5 years of data for each closing package item reported, allowing for year-over-year analysis that would point out and allow the Department to address material changes prior to submission to the State Controller's Office. Current year closing package data will be added to the spreadsheets to allow staff to see trends and do reasonableness tests on the data prior to submission. Financial data varies from year to year naturally, so doing the analysis ahead of time will allow staff to anticipate questions from the State Controller's Office and Legislative Services and be prepared to defend material changes. This will also bring to light potential errors such as this issue and give the Department time to refine their process ahead of the submission deadlines.*
- 3. The Department will place renewed emphasis on retrospective analysis of assumptions from the prior year. If assumptions are reasonable, then they will continue to be used as a part of the predictive modeling for doubtful accounts in the receivables closing package. If the assumptions do not track with actuals or turn out to not be reasonable, then the process will be reevaluated and revised to align more closely with reality for future periods.*

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

IDAHO STATE TAX COMMISSION (Commission)

FINDING 2024-116

The Commission failed to ensure or monitor for changes to statutory cash allocation codes in the State's accounting system, Luma.

Type of Finding: Material Weakness

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. A component of this framework is control activities, which are the policies and procedures that help ensure management directives are carried out and risks are mitigated.

Sales Tax receipts are allocated based on Idaho Code, Title 63, Chapter 36. Fuels tax receipts are allocated based on Idaho Code, Title 63, Chapter 24. Income tax receipts are allocated based on Idaho Code, Title 63, Chapter 30.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Condition: Cash allocation codes are established in Luma to help ensure tax revenues are allocated according to the Idaho Code provisions. Tax receipts are received and posted to the Tax Revenue Holding Fund. The funds are then allocated and transferred to various funds/agencies based on the cash allocation codes, tax type, and statutory requirements.

We found that cash allocation codes in Luma were not secure, and access was not limited to authorized individuals. Any individual or State employee with Luma access had the ability to make changes to the cost allocation codes specific to the Tax Commission collections.

Cause: Controls in Luma were not properly designed to limit user access to the cash allocation codes. Further, the Commission was not aware of this weakness and did not design compensating controls to monitor cash allocating codes for unauthorized changes.

Effect: No errors or misallocations were noted during the review process. However, there is an increased risk that tax receipts are not allocated or transferred accurately or in compliance with Idaho Code.

Recommendation: We recommend that the Commission work with the Office of the State Controller to strengthen edit and role control procedures to limit access to the cash allocation codes in Luma. We further recommend that the Commission establish reasonable monitoring procedures to help monitor activity and ensure unauthorized changes to the allocation codes do not occur.

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

Correction Action: *Under Idaho Code Title 63, the Commission is responsible for collecting and distributing tax revenues. Tax revenues received are posted in Luma and placed in holding funds until the Commission distributes them according to Idaho Code. The Commission uses cash allocation codes to identify the destination of the funds, complete the distributions, and ultimately report results by tax type and fund.*

The LSO audit of the Luma system identified that access to Commission cash allocation codes isn't limited to authorized individuals within the Commission. This creates an increased risk of error and potential for being out of compliance with Idaho Code.

LSO recommended the Commission establish monitoring activities to ensure unauthorized changes don't occur and work with the State Controller's Office to strengthen edit and role controls. In response, the Commission created a production report that generates audit history for cash allocation code changes in September 2024. Additionally, the Commission added the report to the month-end checklist and developed mandatory training for all staff with access to the cash allocation codes. This report is now being generated and monitored monthly, and the training has been delivered. We'll continue to work with our partners at the Controller's office to identify and correct systemic deficiencies to safeguard Idaho tax revenue.

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

FINDING 2024-117

Restricted Cash amounts reported to the Office of the State Controller were understated by \$190.8 million.

Type of Finding: Significant Deficiency

Criteria: State agencies are required each year to report accounting information in the form of closing packages to the Office of the State Controller (Office) with details necessary to prepare the statewide ACFR. The Office provides

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

instructions for the Commission to prepare the information in the closing packages in accordance with Generally Accepted Accounting Principles (GAAP). The Commission submitted the miscellaneous closing package to report information, such as restricted cash, that is not included in the other closing packages.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) published the *Internal Control Integrated Framework*, which provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Additionally, auditing standards provide guidance on required elements when estimates are used for financial information.

Management is responsible for establishing a process for preparing accounting information based on relevant, sufficient, and reliable data. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated. These activities include segregation of duties, adequate review and authorization of financial transactions, and maintaining supporting documentation or other reliable records as the basis for reports.

Condition: Sales tax receipts are distributed and restricted for specific purposes as required in Idaho Code, Section 63-3638. These restriction purposes include Demonstration Pilot Project, County Revenue Sharing, County Circuit Breaker, Personal Property Tax Replacement, Agriculture Property Tax Relief, Election Consolidation Fund, Sales Tax Reserve Account, Homeowner Property Tax Relief, and School District Facility Holding Account.

The Commission reported \$11.3 million as a restricted cash balance for the Demonstration Pilot Project Fund. However, other restricted sales tax funds totaling \$190.8 million were not reported.

Cause: Policies and procedures in place at the Commission were not designed properly or were not effectively applied to identify appropriate cash balances as restricted. In addition, the review and approval of the closing package was insufficient to prevent or detect and correct misstatements.

Effect: The error noted in this issue is immaterial to the statewide financial statements. The restricted sales tax balances were understated by \$190.8 million. However, errors in closing packages submitted to the Office increase the risk of material misstatements or noncompliance occurring in the statewide financial statements and going undetected.

After the errors were identified, the Commission worked with the Office to submit corrected amounts.

Recommendation: We recommend that the Commission review closing package procedures and strengthen internal controls, including training, to help ensure closing package amounts reported, including restricted cash balances, are complete and accurate.

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

Correction Action: *Under the Idaho Code section 63-3638, the Commission is responsible for collecting and distributing sales tax receipts. These receipts are tracked through separate funds and reported as revenue through a monthly comparative statement posted by the Commission. Since this revenue is restricted for specific purposes, the Commission should identify and report it to the Office of the State Controller through closing packages. During the audit, LSO identified several subsidiary accounts that weren't identified as restricted. LSO recommended the Commission strengthen controls regarding closing packages.*

In response, the Commission is currently developing Cognos reporting in Luma to help identify all cash and restricted funding sources to increase accuracy when completing the closing packages. The Commission is also

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

developing documentation which will include the procedures for accurately preparing the closing packages. Once documentation is complete, we'll deliver mandatory training to all staff responsible for finalizing closing activities by August 31, 2025.

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

IDAHO STATE TREASURER'S OFFICE (Office)

FINDING 2024-118

IDLE pool distributions were not made accurately or timely in accordance with the Idaho State Treasurer's Office investment policy.

Related to Current Finding: 2024-100

Type of Finding: Material Weakness

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. Additionally, auditing standards provide guidance on required elements when estimates are used for financial information.

Management is responsible for establishing a process for preparing accounting information based on relevant, sufficient, and reliable data. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated. These activities include segregation of duties, adequate review and authorization of financial transactions, and maintaining supporting documentation or other reliable records as the basis for reports.

Pursuant to the Office's IDLE Investment Policy, the Office uses an internal banking system, the Treasurer's Accounting Transaction Reporting System (TATRS) as the book of record, which went into effect on July 1, 2011. The policy further states the following:

- All monthly distributions will be calculated from the figures provided by TATRS and reconciled against third party information.
- A monthly reconciliation will be performed between TATRS and the custodian to ensure that all securities are accounted for.

The policy is reviewed and approved annually and had no changes during fiscal year 2024.

Condition: The IDLE pool is an involuntary internal investment pool for State funds. The IDLE pool consists of moneys belonging to specific agency funds and the general fund. The IDLE pool is classified as Pooled Cash and Investments in the ACFR. Historically, the Office used TATRS to track and record investment portfolio activity by fund and reconcile to the bank. During fiscal year 2024, the Office was not able to reconcile fund account balances between TATRS and Luma, the State's accounting system. The Office of the State Controller also discontinued a standard reconciliation process that agreed STARS fund account balances to TATRS fund account balances with the transition to Luma and did not replace that process with the new system. The Office eventually made a decision to use data from Luma to make distributions after identifying issues with the interface process.

Monthly distributions are calculated using amortized cost based on each fund's average daily balance and the net income earned within the IDLE pool each month. Net income earned each month is calculated by netting beginning

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

and ending accrued income, realized gains and losses, interest, purchased and sold accrued interest, amortization and management fees.

The Office completed distributions in July 2023 using TATRS data from June 2023, as was the standard process. Subsequent distributions between August and April were completed then reversed due to ongoing reconciliation issues and identified errors in fund account balances in Luma. Distributions were completed in May and June 2024 for the entire year.

Distribution amounts also would have been affected by misstatements in cash balances; for example, the Department of Health and Welfare (DHW) cooperative welfare fund was overstated by \$491 million. The overstatement skewed the proportionality of the DHW fund in relation to the IDLE pool. The lack of a reconciliation process between Luma fund account balances to bank balances contributed to misstatements occurring and going undetected, resulting in related inaccurate cash balances and distributions.

In our efforts to recalculate the IDLE pool distributions from August 2023 through June 2024, we determined that there were differences when comparing the calculated amounts using the Office's distribution method and the associated amounts included in Luma. We analyzed five specific funds where investment income is material to the financial statements and determined that two of the funds had variances. The variances ranged from .1 percent to 5.8 percent. In the aggregate, the Office's distribution method showed distributions should have been .8 percent more than the amounts included in Luma for the funds analyzed.

Cause: During the implementation of Luma and the integration of required interfaces from TATRS, there was a lack of sufficient interface testing, including end-user acceptance testing, completed by the Office of the State Controller. In addition, the Office of the State Controller discontinued the previous reconciliation process and did not have an effective replacement to ensure that Luma fund account balances were properly reconciled to the bank. The Office also could not perform reliable internal reconciliations of accounts due to a lack of appropriate reporting provided by Luma in fiscal year 2024.

Effect: The lack of reconciliations between TATRS and Luma by fund increases the risk that inaccurate distributions and fund balances could be included in both systems. The inaccurate balances could be material at the fund level. The lack of timely distributions also increases the risk that inaccurate calculations of the distribution amount could occur.

Recommendation: We recommend that the Office continue to work with the Office of the State Controller to ensure that proper fund-level reconciliations between TATRS and Luma can be completed in a timely manner. This will ensure a full reconciliation between the State's book of record that supports the financial statements and cash held in the bank. In addition, we recommend that the Office, in conjunction with the Office of the State Controller, complete reconciliations to ensure that the ending fiscal year 2024 balances are accurate.

Management's View: *We acknowledge the issues identified and agree that the transition to Luma presented significant challenges in maintaining accurate fund-level reconciliations and timely distributions. The STO made every effort to adapt to the new system, including using Luma data for Idle interest distributions after identifying interface issues. However, SCO's failure to anticipate the need for reliable reporting, and the inability to identify and extract data from Luma to provide TATRS with transactions that affect cash in interface files, and the lack of a reconciliation process between the two systems, originally the function of SCO, hindered our ability to ensure accuracy. Even though there were reconciliation challenges at the fund accounting level, the Treasurer's Office has been able to consistently reconcile accounting transactions to bank account transactions.*

Correction Action: *1. Collaboration with the Office of the State Controller: We are actively working with the Office of the State Controller to develop and implement a reliable fund-level reconciliation process between TATRS*

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

and Luma. This includes advocating for enhanced reporting capabilities, creating and improving existing interfaces to allow for more timely reconciliations.

2. Review of FY 2024 Average Daily Balances and Ending Balance: A review of FY 2024 average daily balances is underway to validate the accuracy of average daily balance calculations and ensure that any discrepancies are identified and corrected. In addition, reconciliations are being completed by both STO and SCO to identify discrepancies and correct FY 2024 ending balances in TATRS.

3. Process Improvements:

- Internal procedures are being revised to include additional validation steps and cross-checks during distribution calculations.*
- Existing interfaces are being reviewed to be able to request the changes needed to improve the data being imported into TATRS.*

4. Policy Review: The IDLE Investment Policy will be reviewed and updated, if necessary, to reflect current system capabilities and ensure alignment with best practices in internal controls and financial reporting. For clarity, the STO uses TATRS as the book of record for portfolio activity. Luma remains the book of record for fund cash balances.

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. We would like to clarify that reconciling accounting transactions to bank transactions is just one step in a robust reconciliation process as other activities occur that may not impact the bank activity but do impact the accounting system. We appreciate the effort to collaborate with the State Controller to develop a reconciliation process and improve existing interfaces.

**STATE OF IDAHO
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

STATE AGENCY		FEDERAL AGENCY	PAGE
<u>COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED</u>			
2024-200	The Commission did not comply with federal Matching, Level of Effort, and Earmarking grant requirements for the Rehabilitation Services-Vocational Rehabilitation Grants to States program.	Department of Education Rehabilitation Services Administration	64
2024-201	Multiple errors were identified in the amounts reported on the Rehabilitation Services Administration (RSA) reports required for the Rehabilitation Services-Vocational Rehabilitation Grants to States.	Department of Education Rehabilitation Services Administration	66
2024-202	The Cost Allocation Plan (CAP) used in fiscal year 2024 was not approved by the RSA as required and contained multiple errors.	Department of Education Rehabilitation Services Administration	69
2024-203	The Commission is not following Idaho Administrative Rules for Purchasing as required for compliance with the requirements applicable to the Rehabilitation Services - Vocational Rehabilitation Grants to States program.	Department of Education Rehabilitation Services Administration	71
2024-204	The Commission did not verify that vendors were not suspended or debarred prior to making federal grant payments.	Department of Education Rehabilitation Services Administration	74
2024-205	The Commission could not provide documentation to support the review of the Schedule of Expenditures of Federal Awards (SEFA) Closing Package.	Department of Education Rehabilitation Services Administration	75
<u>DEPARTMENT OF COMMERCE</u>			
2024-206	The Department did not complete required reports for the Federal Funding Accountability and Transparency Act (FFATA)	Department of the Treasury	76
<u>OFFICE OF THE STATE CONTROLLER</u>			
2024-207	The summary schedule of prior findings required by <i>Uniform Guidance</i> did not accurately include all information required by section 2 CFR 200.511(b).	Department of Health and Human Services	78
<u>DEPARTMENT OF EDUCATION</u>			
2024-208	The Department does not have documented internal controls functioning as intended for the Title I Grants to Local Educational Agencies (Title I) annual allocation process, increasing the risk of errors occurring and going undetected.	Department of Education	80
2024-209	The Department does not have documented internal controls functioning as intended for the Title I Grants to Local Educational Agencies (Title I) Assessment and Integrity Guide, increasing the risk of errors occurring and going undetected.	Department of Education	82

STATE OF IDAHO
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

STATE AGENCY		FEDERAL AGENCY	PAGE
2024-210	The Department did not complete sufficient subrecipient monitoring for the Individuals with Disabilities Education Act (IDEA) program during fiscal year 2024.	Department of Education	83
<u>DEPARTMENT OF ENVIRONMENTAL QUALITY</u>			
2024-211	The Department did not consistently document compliance with federal suspension and debarment requirements for the Coronavirus State and Local Fiscal Recovery Funds program.	Department of the Treasury	86
2024-212	The Department's Indirect Cost Rate Proposal (ICRP) contained multiple errors.	Environmental Protection Agency	87
2024-213	The Department did not have documentation to support the verification that grant subrecipients were not suspended or debarred.	Environmental Protection Agency	88
2024-214	The Department does not have documented internal controls for cash draws and requested reimbursement for the same \$175,500 grant expenditure twice.	Environmental Protection Agency	90
2024-215	The Department did not document subrecipient risk assessments or ensure subrecipient audits were received for the Coronavirus State and Local Fiscal Recovery Fund.	Department of the Treasury	91
<u>DIVISION OF FINANCIAL MANAGEMENT</u>			
2024-216	Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) project and expenditure reports (P&E) contained material overstatements.	Department of the Treasury	93
<u>DEPARTMENT OF HEALTH AND WELFARE</u>			
2024-217	The Department lacked documentation to support continued eligibility for providers within the Medicaid program.	Department of Health and Human Services	94
2024-218	The Department did not ensure compliance with federal requirements that Managed Care Organizations (MCO) were submitting provider roster reports annually to verify that all providers are properly licensed and in good standing.	Department of Health and Human Services	96
2024-219	The Medicaid Enterprise System was not properly updated for members deemed ineligible, resulting in capitation payments issued to Managed Care Organizations for ineligible members within the Medicaid program.	Department of Health and Human Services	97
2024-220	The expenditures reported on the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program form (CMS-64) were understated by \$16,348,275 for the Medicaid program.	Department of Health and Human Services	99

STATE OF IDAHO
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

STATE AGENCY		FEDERAL AGENCY	PAGE
2024-221	The Division of Medicaid did not document the review and approval of the audited financial reports of the Managed Care Organizations (MCO).	Department of Health and Human Services	100
2024-222	Four providers lacked documentation to support continued eligibility within the Medicaid program.	Department of Health and Human Services	102
2024-223	The submission of a Child Care and Development Fund (CCDF) financial report used to support compliance with the Matching, Level of Effort (LOE), and Earmarking requirement was not completed timely.	Department of Health and Human Services	103
2024-224	Some expenditures were misclassified on the Child Care and Development Fund (CCDF) financial report resulting in an overstatement of Child Care Administration expenditures and an understatement of Direct Services.	Department of Health and Human Services	104
2024-225	Amounts reported as provided to subrecipients by financial services on the Schedule of Expenditures of Federal Assistance (SEFA) are not properly supported.	Department of Health and Human Services	105
2024-226	The Bureau of Facility Standards within the Department failed to complete timely health and safety surveys for three long-term care facilities.	Department of Health and Human Services	107
2024-227	The review and approval of the annual updates to the Low-Income Home Energy Assistance Program (LIHEAP) benefits matrix were not documented.	Department of Health and Human Services	109
2024-228	The review of the Low-Income Home Energy Assistance Program (LIHEAP) earmarking compliance requirements was not documented.	Department of Health and Human Services	110
2024-229	Low-Income Home Energy Assistance Program (LIHEAP) special reports did not include a review for accuracy and compliance prior to submission.	Department of Health and Human Services	111
2024-230	The Department did not provide documented support to verify the accuracy of a LIHEAP performance report.	Department of Health and Human Services	112
2024-231	Supporting documentation for subrecipient risk assessments for the Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises program was not available for review.	Department of Health and Human Services	113

STATE OF IDAHO
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

STATE AGENCY		FEDERAL AGENCY	PAGE
2024-232	An incorrect Federal Medical Assistance Percentage (FMAP) rate was applied while calculating the federal and state share of expenditures for the Child Care and Development Fund (CCDF) financial report resulting in an understatement of \$1,064,932 of the federal share of costs.	Department of Health and Human Services	114
2024-233	The submission of Child Care and Development Fund (CCDF) financial report was not completed timely.	Department of Health and Human Services	116
2024-234	Payroll adjustments lacked sufficient internal controls.	Department of Health and Human Services	117
<u>DEPARTMENT OF LABOR</u>			
2024-235	Quarterly financial reports for the Social Security Disability (DI) grant were submitted after the required deadline.	Social Security Administration	118
2024-236	The review and approval of quarterly special reports for the Unemployment Insurance (UI) program were not consistently documented, and the reports were submitted after the required deadline.	Department of Labor	120
<u>DIVISION OF VOCATIONAL REHABILITATION</u>			
2024-237	The Division could not provide supporting documentation for amounts reported on the Rehabilitation Services Administration (RSA) reports required under the Rehabilitation Services - Vocational Rehabilitation Grants to States.	Department of Education	122
2024-238	The Division did not comply with Matching, Level of Effort, and Earmarking requirements for the fiscal year 2022 Rehabilitation Services - Vocational Rehabilitation Grants to States program.	Department of Education	124
2024-239	The Division does not have documented control procedures in place to ensure compliance with period of performance requirements for the Rehabilitation Services - Vocational Rehabilitation Grants to States.	Department of Education	126
2024-240	The Division is not following Idaho Administrative Rules for Purchasing as required by federal requirements.	Department of Education	128
2024-241	The Division did not verify that vendors receiving payments from the Rehabilitation Services - Vocational Rehabilitation Grants to States program, were not suspended or debarred prior to making federal grant payments.	Department of Education	130
2024-242	The Division did not accurately report federal grant expenditures on the Schedule of Expenditures of Federal Awards (SEFA) Closing Package.	Department of Education	132

STATE OF IDAHO
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

STATE AGENCY		FEDERAL AGENCY	PAGE
2024-243	The Division did not properly evaluate costs related to the Rehabilitation Services - Vocational Rehabilitation Grants to States and direct costs were incorrectly recorded as indirect costs for the grant.	Department of Education	134
<u>DEPARTMENT OF WATER RESOURCES</u>			
2024-244	The Department's original Schedule of Expenditures of Federal Awards submitted to the Office of the State Controller underreported the amount disbursed to subrecipients by \$3,500,000 under the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) program.	Department of Treasury	135

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED (Commission)

FINDING 2024-200

The Commission did not comply with federal Matching, Level of Effort, and Earmarking grant requirements for the Rehabilitation Services - Vocational Rehabilitation Grants to States program.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A220017; H126A230017; H126A240017

Program Year: October 1, 2021 – September 30, 2023; October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: Matching; Level of Effort; Earmarking

Questioned Costs: Matching: \$232,813 Known, Earmarking: \$278,509 Known

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 things like approvals, authorizations, verifications, reconciliations, and segregation of duties.

The U.S. *Code of Federal Regulations (CFR) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200.303) requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

Section 34 CFR 361.60(a)(1) states that the federal share for expenditures made by the State under the vocational rehabilitation services portion of the Unified or Combined State Plan, including expenditures for the provision of vocational rehabilitation services and the administration of the vocational rehabilitation services portion of the Unified or Combined State Plan, is 78.7 percent. The State share for expenditures is 21.3 percent.

Requirements in 34 CFR 361.62 state that to maintain a level of nonfederal share it provided in the previous federal fiscal year is at least equal to the total nonfederal share provided by the State two years prior.

Section 110(d)(1) of the Rehabilitation Act of 1973 (Rehabilitation Act), as amended by the Workforce Innovation and Opportunity Act (WIOA), requires a state to reserve at least 15 percent of its state allotment, under the State Vocational Rehabilitation (VR) Services grant (Assistance Listing 84.126), for the provision of pre-employment transition services to students with disabilities under section 113 of the Rehabilitation Act.

Condition: Grants are issued for an initial 12-month period. If State match requirements are met within the initial period, recipients qualify for an additional 12-month carryover period to spend any unobligated federal funds. Including the carryover period, the federal fiscal year 2024 grant period is October 1, 2023, through September 30, 2025. In State fiscal year 2024, there were 3 grants open – federal fiscal years 2022, 2023, and 2024.

The federal fiscal year 2022 grant period was October 1, 2021, to September 30, 2023, and was the only grant period that concluded within State fiscal year 2024. We evaluated the Commission's compliance with the matching, level of effort, and earmarking requirements for the fiscal year 2022 grant.

Matching

The Commission is required to provide at least 21.3 percent of total rehabilitation program spending from nonfederal sources as a match. We reviewed the amounts reported as federal and State expenditures on the

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Commission's final RSA-17 report for the federal fiscal year 2022 grant. The Commission reported the federal share as \$2,954,061 and the State matching expenditures as \$835,255, which calculates as 22 percent of total program expenditures and meets match requirements.

We compared the amounts reported on the RSA-17 report to the expenditures in the former statewide accounting system (STARS) in State fiscal years 2022 and 2023 and the current statewide accounting system (Luma) in State fiscal year 2024. We verified that the federal expenditures matched the RSA-17 report; however, the State expenditures reported internally were only \$566,698, which calculates as 16.1 percent of total program expenditures and does not meet match requirements. The Commission could not provide documentation to support the amounts reported in the RSA-17 report.

To calculate questioned costs, we verified that the federal share of expenditures matched the amounts reported in Luma. We calculated the matching requirement by dividing the federal expenditures by the federal participation rate and then subtracting the federal share to arrive at the State share ($\$2,954,061 / 0.787 = \$3,753,571.79 - \$2,954,061 = \$799,511$). We then compared the required State match amount to the State expenditures in Luma, and the result was that the Commission expended \$232,813 less than the required matching amount ($\$799,511 - \$566,698 = \$232,813$).

Level of Effort

Maintenance of effort is one part of the level of effort grant requirements. The Commission is required to spend at least the amount of State funds expended in the fiscal year two years prior. We compared State expenditures for the federal fiscal years 2020 and 2022 grants based on amounts reported on the RSA-17 reports. The State expenditures reported for the federal fiscal year 2020 grant on the September 30, 2021, RSA-17 report were \$835,255, and the expenditures reported for the federal fiscal year 2022 grant on the September 30, 2023, RSA-17 report were \$835,255 indicating that the maintenance of effort requirement was met.

We compared the amounts reported on the RSA-17 report to the expenditures in STARS for State fiscal years 2022 and 2023 and Luma for State fiscal year 2024. The State expenditures for the federal fiscal year 2020 grant were \$468,147 and for the federal fiscal year 2022 grant were \$566,698, which also indicates that the Commission met maintenance of effort requirements, but the Commission could not provide documentation to support the amounts reported in the RSA-17 reports.

Earmarking

The Commission is required to spend at least 15 percent of the total federal grant expenditures on the Pre-Employment Transition Services (pre-ETS) program. We identified the total federal grant expenditures in Luma as \$2,954,061 and the amount spent on pre-ETS as \$164,600, which calculates to 5.57 percent of total spending, indicating that the Commission did not meet earmarking requirements.

To calculate questioned costs, we multiplied the total federal grant expenditures by 15 percent and then subtracted the pre-ETS amount of expenditures in Luma and found that the Commission expended \$278,509 less than the required earmarking amount ($\$2,954,061 \times .15 = \$443,106 - \$164,600 = \$278,509$).

Cause: Each month, the Commission uses a spreadsheet to calculate its cost allocations in accordance with its cost allocation plan (CAP). This spreadsheet includes calculations to track federal and State expenditures and compliance with matching, level of effort, and earmarking requirements. The CAP spreadsheet is prepared by one person and reviewed by a second person. However, this process did not identify the errors indicating that the staff completing these reviews did not have adequate knowledge to ensure this internal control was effective.

Effect: Noncompliance with matching and earmarking requirements could result in a reduced federal award amount in future fiscal years. The Commission's internal control procedures did not include maintaining documentation to support amounts reported for the matching, level of effort, and earmarking requirements which could lead to future errors.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Recommendation: We recommend that the Commission design and implement procedures to monitor compliance with matching, level of effort, and earmarking requirements and retain documentation to support compliance. Providing appropriate training and staff recruitment is critical to ensuring that internal controls are effective in preventing or detecting errors. Additionally, we recommend the Commission contact the federal grantor to resolve the noncompliance with matching and earmarking requirements.

Management's View: *Agree - The Cost Allocation Plan (CAP) needs to be updated, resubmitted, and approved through RSA. We also agree that ICBVI needs to provide clear documentation to support the numbers in our CAP. ICBVI has reviewed its documentation and believes we met the federal Matching, Level of Effort, and Earmarking requirements for the Rehabilitation Services-Vocational Rehabilitation Grants to States program.*

Corrective Action:

- *Matching and Maintenance of Effort (MOE): ICBVI uses a monthly/semi-monthly CAP process to determine the level of federal draw for reimbursement. These draw amounts are based on the necessary monthly amounts (1/12) of the required 21.3% of the total grant award + match, OR the MOE amount from 2 years prior (whichever is greater). This CAP process keeps track of the Grant Total, Draws to Date, To be Drawn, State Portion, and Match/MOE amount YTD. It is through this systematic monthly process that we calculate what the allowable direct and indirect State expenditures are and will make draws that allow us to reach the Match/MOE targets. Based on our documentation, we have made our Match and MOE amounts for the years in question. Documentation supporting the reported amounts can be found in the CAPs from any FFY.*
- *Earmarking: Allowable expenditures for Pre-Employment Transition Services (Pre-ETS) are also tracked in the CAP. Documentation to support amounts reported can be found in the CAPs from any FFY.*
- *CAP Update and Approval: We have a meeting scheduled with the Director of the Indirect Cost Division at the US Dept of Education on 12/10/25. The CAP will be revised to reflect the current chart of accounts and reporting parameters of the Luma system. We will be submitting an updated CAP for review and approval.*
- *Documentation: All expenditure data and supporting documentation will be sourced directly from Luma and retained for verification.*
- *Internal Controls and Training: ICBVI will continue to improve its internal control procedures to include periodic training and cross-training on compliance requirements, ensuring reviews are substantive and error detection is robust. ICBVI will also seek further guidance from the federal grantor and will document all correspondence and remedial efforts.*

Auditor's Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit. We continue to assert that the Commission did not provide documentation to support the amounts included on the RSA-17 reports and used to calculate compliance with matching and earmarking requirements. As a result, the only available financial information supports that the Commission did not comply with matching and earmarking requirements. We also want to emphasize that the Commission should work with the federal grantor to determine how to rectify the noncompliance.

FINDING 2024-201

Multiple errors were identified in the amounts reported on the Rehabilitation Services Administration (RSA) reports required for the Rehabilitation Services-Vocational Rehabilitation Grants to States.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A220017; H126A230017; H126A240017

Program Year: October 1, 2021 – September 30, 2023; October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2024

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: Reporting

Questioned Costs: None

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

Section 2 CFR 200.400 contains the policy guide for cost principles related to federal grant administration.

Paragraph (a) states that the nonfederal entity is responsible for the efficient and effective administration of the federal award through the application of sound management practices.

Paragraph (d) states that the accounting practices of the nonfederal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles and must provide for adequate documentation to support costs charged to the federal award.

Section CFR 200.302 – Financial Management states that federal award recipient’s financial management system must identify all federal awards received and expended and the federal programs under which they were received. Additionally, they must maintain records that sufficiently identify the amount, source, and expenditure of federal funds for federal awards. These records must contain information necessary to identify federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.

Condition: The RSA requires the Commission to submit financial reports quarterly. The reports are cumulative and cover the entire grant period through to the end of the reporting period. The RSA also requires a final report at the end of the grant period.

The Vocational Rehabilitation Basic Services (BS) Grants are issued for an initial 12-month period. If State match requirements are met within the initial period, recipients qualify for an additional 12-month carryover period to spend any unobligated federal funds. Including the carryover period, the federal fiscal year 2024 grant period is October 1, 2023, through September 30, 2025. The Commission identifies the grant periods using the initials BS and the last two digits of the grant year. During State fiscal year 2024, there were three grants open: BS22, BS23, and BS24.

We tested four quarterly reports that reported on the periods within State fiscal year 2024. We identified errors in 3 of the 4 quarterly reports. We also identified errors in the final report for the federal fiscal year 2022 grant which ended on September 30, 2023.

The following errors were identified:

BS23 – Report Period July 1, 2023, to September 30, 2023

- Line 21 Total Federal Program Income Received: The reported amount was \$47,300, and the supporting documentation showed \$43,700, resulting in a \$3,600 overstatement. This error carried forward to all subsequent quarterly reports because the amounts reported were cumulative.
- Line 38A Required Pre-ETS Services Provided: The amount reported was \$47,755. The Commission could not provide any documentation to support that amount or provide an explanation for how the amount was calculated. This error carried forward to all subsequent quarterly reports because the amounts reported were cumulative.

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

- Line 38B Authorized Pre-ETS Services Provided: The amount reported was \$73,708. The Commission could not provide any documentation to support that amount or provide an explanation for how the amount was calculated. This error carried forward to all subsequent quarterly reports because the amounts reported were cumulative.
- Line 39G Transition Services to Youth and Students: The amount reported was \$211,595; however, the supporting schedule showed \$199,194 resulting in a \$12,401 overstatement. The Commission included expenditures outside of the reporting period.
- Line 41 Total Innovation and Expansion Expenditures: The amount reported was \$20,943. The Commission could not provide any documentation to support that amount or provide an explanation for how the amount was calculated.

BS23 – Report Period October 1, 2023, to December 31, 2023

- Line 39G Transition Services to Youth and Students: The amount reported was \$211,594; however, the supporting schedule showed \$227,249 resulting in a \$15,655 understatement. The Commission included expenditures outside of the reporting period.
- Line 41 Total Innovation and Expansion Expenditures: The amount reported was \$20,943; however, the supporting schedule showed \$10,472 resulting in a \$10,471 overstatement.

BS23 – Report Period January 1, 2024, to March 31, 2024

- Line 39E Business Enterprise Program (Randolph-Sheppard Program): The reported amount was \$383,399; however, the supporting schedule showed \$383,399 resulting in a \$46,380 overstatement.
- Line 39G Transition Services to Youth and Students: The amount reported was \$254,977, however, the supporting schedule showed \$249,977 resulting in a \$4,303 overstatement. The Commission included expenditures outside of the reporting period.

BS22 – Report Period October 1, 2021, to September 30, 2023 (Final report for federal fiscal year 2022 grant)

- Line 21 Total Federal Program Income Received: The reported amount was \$0; however, the supporting schedules showed \$43,700 resulting in a \$43,700 understatement.
- Line 37 Administrative Expenditures: The reported amount was \$853,677; however, the supporting schedules showed \$1,399,438 resulting in a \$545,761 understatement.
- Line 38A Required Pre-ETS Services Provided: The reported amount was \$302,972; however, the supporting schedules showed \$287,258 resulting in a \$15,714 overstatement.
- Line 38B Authorized Pre-ETS Services Provided: The reported amount was \$44,151; however, the supporting schedules showed \$75,110 resulting in a \$30,959 understatement.
- Line 39E Business Enterprise Program (Randolph-Sheppard Program): The reported amount was \$372,887; however, the supporting schedule showed \$438,558 resulting in a \$65,671 understatement.
- Line 39G Transition Services to Youth and Students: The amount reported was \$91,966; however, the supporting schedule showed \$76,407 resulting in a \$15,559 overstatement.
- Line 41 Total Innovation and Expansion Expenditures: The amount reported was \$104,647; however, the supporting schedule showed \$83,903 resulting in a \$20,744 overstatement.

We also noted an error while testing compliance with the Matching and Level of Effort requirements using amounts reported on the final RSA-17 report for the federal fiscal year 2022 grant. The Commission reported \$835,255 as total State expenditures; however, the amount recorded in STARS was \$566,698, resulting in a \$268,557 overstatement.

Cause: The Commission has designed a procedure to detect errors in reporting prior to issuance. The reports are compiled by one individual and reviewed by a second individual prior to issuing them to the federal agency. However, the review did not detect the errors indicating that the staff completing these reviews did not have adequate knowledge to ensure this internal control was effective. Our testing found that two of the three quarterly reports with errors were not reviewed prior to submission.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The Commission could not provide an explanation for the errors.

Effect: The RSA uses the RSA-17 reports to determine compliance with federal statutes, regulations, and the terms and conditions of the federal award. Incorrect reporting can affect both the ability to cover current obligations and the amount of future federal grant awards received by the State of Idaho.

The total errors in the quarterly reports were overstatements of \$219,561 and understatements of \$15,655. The total errors in the final report for the federal fiscal year 2022 grant were overstatements of \$271,578 and understatements of \$701,746. The aggregated errors are a \$229,262 understatement of costs.

Recommendation: We recommend that the Commission design and implement procedures to ensure accurate federal grant reporting and retain appropriate documentation to support the amounts reported. We also recommend that the Commission review prior submissions, identify correct reporting, and communicate with the federal grantor about resubmitting corrected reports. Providing appropriate training and staff recruitment is critical to ensuring the internal controls are effective in preventing or detecting errors.

Management's View: *Agree - These errors in quarterly and final RSA-17 reports are acknowledged, and immediate measures are being taken to address root causes.*

Corrective Action

- *Accurate Financial Reporting: ICBVI will develop detailed procedures to ensure all amounts reported on federal forms are reconciled to supporting documentation in the accounting system (Luma) prior to submission.*
- *Review and Oversight: A two-person review process will be formalized, ensuring every report is checked for accuracy by a knowledgeable reviewer before submission.*
- *Documentation and Training: Supporting documentation for all line items will be archived securely. Staff will receive training in federal grant reporting standards.*

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

FINDING 2024-202

The Cost Allocation Plan (CAP) used in fiscal year 2024 was not approved by the RSA as required and contained multiple errors.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A220017; H126A230017; H126A240017

Program Year: October 1, 2021 – September 30, 2023; October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: Allowable Costs/Cost Principles

Questioned Costs: \$210,203 Known

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

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section 2 CFR 200.400 contains the policy guide for cost principles related to federal grant administration. Paragraph (a) states that the nonfederal entity is responsible for the efficient and effective administration of the federal award through the application of sound management practices. Paragraph (d) states that the accounting practices of the nonfederal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles and must provide for adequate documentation to support costs charged to the federal award.

The U.S. *Code of Federal Regulations (CFR)* Title 34 contains the regulations of the offices of the U.S. Department of Education, including the Rehabilitation Services Administration (RSA). Title 34 CFR § 76.560 (b) states: A grantee must have a current indirect cost rate agreement to charge indirect costs to a grant. Title 2, Subtitle A contains the Office of Management and Budget Guidance for Grants and Agreements. Title 2 CFR § 200 Appendix VII part 3 states:

Indirect Cost Allocations Not Using Rates: In certain situations, governmental departments or agencies (components of the governmental unit), because of the nature of their Federal awards, may be required to develop a cost allocation plan that distributes indirect (and, in some cases, direct) costs to the specific funding sources. In these cases, a narrative cost allocation methodology should be developed, documented, maintained for audit, or submitted, as appropriate, to the cognizant agency for indirect costs for review, negotiation, and approval.

Condition: The Commission uses a CAP to allocate indirect costs among its various programs that should be certified annually by the RSA. The CAP used by the Commission in fiscal year 2024 was not submitted to the RSA for recertification until April 2025 after we inquired about the certification process and documentation for the CAP. Additionally, this CAP was created to be used with data from STARS and no changes were made to coincide with changes in the chart of accounts and reporting available in Luma.

The Commission uses a spreadsheet to calculate the indirect costs in accordance with its CAP. This spreadsheet is prepared each month and also keeps track of total spending for federal grants and calculates the amount of federal draws.

We tested 4 of the 12 (33 percent) CAP spreadsheets from State fiscal year 2024 to verify that the expenditure amounts used in the calculations tied to support in Luma. One of the CAP spreadsheets reported monthly expenditures of \$703,475; however, reports from Luma showed expenditures of \$454,004, which is a difference of \$249,471. The Commission could not provide documentation or an explanation to support the difference.

Cause: The Commission did not have a procedure in place to review the CAP and submit it for recertification annually as required.

The Commission has used the CAP spreadsheet for many years, and it has been changed and prepared by multiple personnel, many of whom no longer work for the Commission. The spreadsheet includes multiple tabs, many formulas, cells with hard coded amounts, and no restrictions or controls on data entry. This creates an environment where data entry errors could be made, or a formula could be overridden, and the errors would be difficult to detect.

The primary internal control that the Commission relies upon is that the CAP spreadsheet is prepared by one person and reviewed by a second person. However, this control has been ineffective in preventing errors from occurring.

Effect: The CAP used by the Commission was not properly submitted for recertification, was not properly modified for Luma, and was not reviewed for accuracy resulting in multiple errors.

The Commission has drawn excess federal funds due to the reliance on inaccurate spreadsheets that are not supported by Luma. The reported expenditures of \$703,474 were adjusted down by \$95,065 for a new total of \$608,409, which was also not supported by the accounting records. This amount, run through the CAP resulted in a draw calculation of \$512,644, which is 84 percent of \$608,409. To calculate the possible overdraw, we started the

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

allowable calculation with the expenditures identified in Luma of \$454,004, less the \$95,065 adjustment equaling \$358,839 of allowable costs, multiplied by the 84 percent CAP estimation is \$302,441 for a possible overdraw of \$210,203 (\$512,644 - \$302,441).

Our estimation of the error is based on total program expenditures in Luma for November 2023. The Commission could not provide documentation to support various amounts included in the November CAP calculation and could not explain the reason for the differences. If support for adjustments made was available, the amount of the error may have been reduced.

Recommendation: We recommend that the Commission work with the federal grantor, the Rehabilitation Services Administration (RSA), to establish an indirect cost rate plan based on Luma reporting. We further recommend that the Commission design and implement procedures to ensure the indirect cost rate plan is implemented as designed and to ensure that future plans are submitted and approved timely and appropriate supporting documentation is retained. We also recommend that the Commission work with the federal grantor to resolve the questioned costs due to unsupported expenditures.

Management's View: *Agree - ICBVI recognizes it did not submit its Cost Allocation Plan for annual recertification as required and that the CAP contained errors due to transition challenges with the new accounting software (Luma).*

Corrective Action:

- *CAP Update and Approval: The CAP will be revised to reflect the current chart of accounts and reporting parameters of the Luma system. We have a meeting scheduled with the Director of the Indirect Cost Division at the US Dept of Education on 12/10/25. We will be submitting an updated CAP for review and approval. Annual submission for federal recertification will be scheduled and tracked.*
- *Documentation: All expenditure data and supporting documentation will be sourced directly from Luma and retained for verification.*

Auditor's Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit. We would like to clarify that some of the errors in the CAP were related to the transition to Luma, however many errors occurred because of a lack of internal controls such as reviews for accuracy, protected cells, and detailed procedures. It is important that the Commission address all of the reasons the CAP was unreliable to ensure only appropriate supported costs are charged to federal grants.

FINDING 2024-203

The Commission is not following Idaho Administrative Rules for Purchasing as required for compliance with the requirements applicable to the Rehabilitation Services-Vocational Rehabilitation Grants to States program.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A220017; H126A230017; H126A240017

Program Year: October 1, 2021 – September 30, 2023; October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: Procurement and Suspension and Debarment

Questioned Costs: None

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

The CFR procurement standards at 2 CFR 200.317 state that, when procuring property and services under a federal award, a state must follow the same policies and procedures it uses for procurements from its nonfederal funds.

The state of Idaho purchasing rules within the Idaho Administrative Procedures Act (IDAPA) contain the following provisions:

IDAPA 38.05.01.32. Total Cost: The acquisition cost of property, including all components, options, and add-ons available under the contract, related services, and, in the case of ongoing services, the cost of the full term of the contract, including all authorized renewals. Unless a different total term is provided in the contract, the term used for purposes of total cost is five (5) years.

IDAPA 38.05.01.041. Acquisition Procedures:

- Small Purchases: Services with less than \$25,000 total cost; software with less than \$15,000 total cost; property with less than \$15,000 total cost; a mix of property and services less than \$15,000.
 - Small purchases do not require acquisition through competitive solicitation. Agencies must comply with the division's small purchase policy. Property available under single agency or open contracts shall be purchased under such contracts and are not a small purchase under this rule unless otherwise authorized by the administrator.
- Informal Purchases: Acquisition of property with a total cost exceeding the dollar limits established in this rule for a small purchase and less than the formal sealed procedure limit are informal purchases.
 - Informal Purchases may be made using:
 - An informal solicitation issued through e-procurement, unless exempted by the administrator; or
 - The formal sealed procedure, when the purchasing authority makes a written determination that using a formal solicitation is in the best interest of the state, including where selection based solely on cost is not appropriate.
 - Agencies procuring property under this rule shall maintain a purchasing file containing:
 - The solicitation document posted and quotes received. If the acquisition was not publicly posted, the agency shall include a statement describing the justification for determining that posting was impractical or impossible, along with the administrator's authorization.
 - If not using e-procurement, the agency shall document the quotes received (or its attempt to obtain quotes) from at least three (3) vendors having a significant Idaho economic presence as defined in Section 67-2349, Idaho Code.
- Formal Sealed Procedure:
 - The sealed procedure limit is one hundred fifty thousand dollars (\$150,000).
 - Purchases of property in excess of the sealed procedure limit are made using the formal sealed procedure, unless exempted by these rules or the administrator.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

IDAPA 38.05.01.042.01. Exceptions requiring written administrator approval. The administrator may exempt the following purchases from the requirement for competitive solicitation by issuing a written determination to the purchasing authority:

- **Rehabilitation Agency Acquisitions.** Acquisitions of property that is provided by non-profit corporations and public agencies operating rehabilitation facilities serving the handicapped and disadvantaged and that is offered for sale at fair market price as determined by the administrator in accordance with these rules. The buyer must submit a written request to the administrator to purchase from a rehabilitation agency and a written approval from the administrator. The purchase must comply with the division's policy for rehabilitation agency acquisitions.

Condition: We identified two vendors that the Commission paid more than \$25,000 in total expenditures in fiscal year 2024 and would be subject to compliance with procurement requirements. We tested payments to those vendors for compliance with procurement policies and found that the Commission could not provide documentation to show that State procurement policies were followed.

Cause: The Commission erroneously believed that the exemption for rehabilitation agencies applied to more vendors than just not-for-profit entities and public agencies. The Commission also believed that the State purchasing policies did not apply to vendors with many small purchases that are individually below, but collectively exceed, the purchasing thresholds.

The Commission has control procedures in place to ensure that grant expenditures are for allowable activities and costs at the transactional level but did not have control procedures to ensure that State procurement rules were followed.

Effect: The State's purchasing policies are designed to ensure that State and federal funds are expended efficiently to meet the goals of State and federal programs. By not following these policies, the Commission could be overpaying for products and services.

Recommendation: We recommend that the Commission design and implement procedures to ensure that State purchasing policies are followed. We further recommend that the Commission design and implement procedures to ensure that appropriate documentation is retained to demonstrate compliance and internal controls were operating as intended.

Management's View: *Agree - ICBVI acknowledges the failure to document compliance with state procurement policies for select vendors.*

Corrective Action:

- *Policy Clarification: ICBVI will ensure future purchases above the threshold are fully documented in accordance with state requirements.*
- *Procedural Update: A procurement checklist and documentation template will be added to internal controls to support purchases subject to state policy. We have a training setup with DOP on 12/18/25 to help with correcting this deficiency. Upon completion of this training, we will conduct comprehensive internal training for all ICBVI staff to ensure consistent understanding and compliance with state procurement requirements.*

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

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINDING 2024-204

The Commission did not verify that vendors were not suspended or debarred prior to making federal grant payments.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A220017; H126A230017; H126A240017

Program Year: October 1, 2021 – September 30, 2023; October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: Procurement and Suspension and Debarment

Questioned Costs: None

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

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 180.300) requires grantees to verify an entity is not suspended or debarred or otherwise excluded before entering into a covered transaction. The verification is accomplished by (1) checking the System for Award Management (SAM) exclusions maintained by the General Services Administration and available online, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Covered transactions, as defined by 2 CFR 180.220, include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria.

Condition: We identified two vendors that the Commission paid more than \$25,000 in total expenditures in fiscal year 2024. We tested compliance with procurement policies for both vendors and found that the Commission could not provide documentation to show that suspension and debarment verifications were completed as required.

Cause: The Commission was not completing the suspension and debarment checks because they incorrectly believed that the checks were already being performed by the Office of the State Controller.

Effect: We reviewed all vendors selected as part of our testing and verified that none of the vendors were on the SAM list as suspended or debarred. However, the Commission does not have adequate controls in place to ensure it is not entering into covered transactions with suspended or debarred vendors.

Vendors can be suspended or debarred for many reasons including financial crimes such as fraud, embezzlement, or bribery, and other issues such as consistent poor performance on previous contracts or violations of laws. Taking steps to ensure vendors are not suspended or debarred is important to prevent fraud, waste, and abuse.

Recommendation: We recommend that the Commission develop and implement procedures to ensure that it is not entering into covered transactions with suspended or debarred vendors and retain documentation to support the procedures performed.

Management's View: *Agree - ICBVI recognizes the absence of vendor suspension/debarment verifications prior to payment.*

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Corrective Action:

- *Verification Process: Procedures will be put in place to check applicable vendors against the SAM.gov database on an annual basis. Documentation of each check will be retained and periodically reviewed.*
- *Staff Training: Relevant staff will be trained on suspension/debarment requirements, and responsibility for checks will be clearly assigned.*

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

FINDING 2024-205

The Commission could not provide documentation to support the review of the Schedule of Expenditures of Federal Awards (SEFA) Closing Package.

Type of Finding: Material Weakness

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A220017; H126A230017; H126A240017

Program Year: October 1, 2021 – September 30, 2023; October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: U.S. Code of Federal Regulations (CFR) 200.510(b)

Questioned Costs: None

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

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

Condition: The Commission prepared the SEFA closing package as required but could not provide documentation to show that the closing package was reviewed for accuracy prior to submission.

Cause: One Commission employee was listed as the preparer and submitter for the SEFA closing package. Luma did not prevent the same person from preparing and submitting the closing package. The Commission was under pressure to submit the closing package timely and did not document a review process.

Effect: We did not detect any errors in the SEFA closing package; however, without a detailed and documented review, errors could be made and remain undetected.

Recommendation: We recommend that the Commission design and implement procedures to accurately record, compile, and document the amounts reported in the SEFA closing package and to retain documentation supporting the amounts reported.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Management's View: *Agree - ICBVI acknowledges that it did not document the review process for the SEFA closing package.*

Corrective Action:

- *Review Documentation: Procedures will be implemented requiring a documented review prior to submission, with signatures from both preparer and reviewer and archiving of supporting schedules.*
- *Procedural Update: We will ensure that the preparer and reviewer/approver are assigned to different individuals for closing packages going forward. This separation of duties will be incorporated into our procedures to strengthen internal controls and enhance the accuracy and integrity of our financial reporting.*

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

DEPARTMENT OF COMMERCE (Department)

FINDING 2024-206

The Department did not complete required reports for the Federal Funding Accountability and Transparency Act (FFATA)

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Coronavirus Capital Projects Fund

Assistance Listing Number: 21.029

Federal Award Number: CPFFN0170

Program Year: February 4, 2022 – December 31, 2026

Federal Agency: Department of the Treasury

Compliance Requirement: Reporting

Questioned Costs: None

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

The *Internal Control Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure management directives are carried out and risks are mitigated. These activities include reliable financial reporting and compliance with applicable laws and regulations.

In addition, the FFATA, as codified in 2 CFR Part 170, requires that subawards of \$30,000 or more be reported to the FFATA Subaward Reporting System (FSRS).

Condition: The FFATA was developed to provide better transparency over management of federal grants and contracts. Reporting is required for subawards or contracts in excess of \$30,000 through the FSRS website. The Department issued 15 subawards for the Capital Projects Fund program (Assistance Listing # 21.029) in fiscal year 2024 with anticipated expenditures in excess of \$30,000 each.

The Department presumed the Capital Projects Fund program was exempt from FFATA reporting because guidance for this program was provided in conjunction with guidance for another federal program that was exempt from FFATA reporting. Additionally, the FSRS was inaccessible for reporting purposes due to a technical configuration

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

problem until August 2023. However, the configuration problem was corrected in August 2023, and the U.S. Department of the Treasury requested all recipients complete their FFATA reports by June 30, 2024. The Department did not comply with this request.

Cause: The Department staff were not aware of the FFATA reporting requirements for the Capital Projects Fund program, nor did they implement internal controls to ensure the accurate and timely submission of the FFATA reports.

Effect: The FFATA reports are required to be submitted to the FSRS, which makes the information available to the public in a searchable database. Late reporting, or non-reporting, impacts the integrity of the federal transparency information. Additionally, ineffective internal controls increase the risk that errors or noncompliant reporting could occur and remain undetected.

Recommendation: We recommend that the Department design and implement internal controls procedures to ensure an understanding of compliance requirements applicable to grants received and with FFATA requirements for submitting accurate and timely FFATA reports.

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

Corrective Action:

1. *Multiple RFPs were issued to obtain subject matter experts support for Grant Accounting Support and Grant Administration Support. Internal discussions determined the need for more accounting, administration, and grant management support. Below is our status for support through public procurement.*
 - a. *The Grant Accounting support was awarded October 2025.*
 - b. *Procurement of Grant Administration support is in the end stages of award.*
2. *Updated Procedures (Implemented – April 2025)*
 - a. *The Department has updated its Notice of Award procedures to explicitly include FFATA reporting as a required step once a Federal grant agreement is fully executed. This requirement is now documented in agency procedures, internal checklists, and award processing workflows.*
3. *Assignment of Responsibility (Implemented – April 2025)*
 - a. *Responsibility for FFATA compliance has been formally assigned to the Grants and Contracts Officer with the contracted administrative grant support, with assistance provided from the contracted accounting support when necessary. Their duties now include:*
 - i. *Completing required FFATA submissions following award execution, and*
 - ii. *The process has now been added to our internal processes and procedures and updated with staff.*
4. *Quarterly Monitoring and Verification (April - 2025)*
 - a. *To prevent recurrence, Grants and Contracts Officer will conduct a quarterly review of all Federal Grant programs to ensure:*
 - i. *All applicable awards are listed in the FFATA,*
 - ii. *No required submissions have been omitted.*
 - iii. *Any discrepancies are corrected promptly.*
 - iv. *These quarterly reviews will be documented and retained for audit and internal monitoring purposes.*
5. *Training and Staff Communication (In Progress — Completion in February 2026)*
 - a. *Training began in April 2025 and was expanded in October 2025 with support from our Grant Accounting Contractor. The contractor assists in finalizing accounting, reporting, and compliance with OMB guidance. They provide training, updated procedures, and staff guidance. Updated*

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

procedures and training will be completed in conjunction with our contractor's subject matter expertise.

Updated policies, training materials, and procedural guidance will be completed and fully implemented in February 2026, with training documented and provided to all Grants and Contracts Officers, contracted services, and relevant program personnel. The training includes but is not limited to:

- a. All Federal reporting requirements (including FFATA)*
- b. Applicable CFR compliance obligations.*
- c. Newly implemented internal controls and review procedures.*

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

OFFICE OF THE STATE CONTROLLER (Office)

FINDING 2024-207

The summary schedule of prior findings required by *Uniform Guidance* did not accurately include all information required by section 2 CFR 200.511(b).

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Supplemental Nutrition Assistance Program; Highway Planning and Construction Grant; Coronavirus State and Local Fiscal Recovery Fund; Education Stabilization Fund - ARPA ESSER III; Special Programs for the Aging, Title III, Part B Grants for Supportive Services and Senior Centers; Special Programs for the Aging, Title III, Part C, Nutrition Services; Nutrition Services Incentive Program; Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises; Temporary Assistance for Needy Families; Low-Income Home Energy Assistance; Child Care and Development Block Grant; Foster Care Title IV-E; Adoption Assistance; Child Care and Development Block Grant (CCDF); State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare; Medical Assistance Program; Medical Assistance Program;

Assistance Listing Number: 10.561; 20.205; 21.027; 84.425U; 93.044; 93.045; 93.053; 93.391; 93.558; 93.568; 93.575; 93.658; 93.659; 93.775; 93.777; 93.778

Federal Award Number: Various

Program Year: Various

Federal Agency: Various

Compliance Requirement: U.S. *Code of Federal Regulations* (CFR) 200.511(b)

Questioned Costs: None

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

The U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*) section 2 CFR 200.511(a)) states that the auditee is responsible for follow-up and corrective action on all findings. As part of this responsibility, the auditee must

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

prepare a summary schedule of prior audit findings. Section 2 CFR 200.511(b) requires that the summary schedule of prior findings report the status of all audit findings included in the prior audit's schedule of findings and questioned costs. Additionally, section 2 CFR 200.511(b)(2) requires that when audit findings were not corrected or only partially corrected, the summary schedule must describe the reasons for the findings' recurrence, planned corrective action, and any partial corrective action taken.

Condition: The summary schedule of prior findings reported incorrect statuses for prior findings reported for the 2023 *Single Audit Report* and a prior finding *Internal Control Report* for the fiscal year audit of the fiscal year 2023 *Annual Comprehensive Financial Report (ACFR)*.

The summary schedule prepared by the Office included the following finding statuses for which its determination differed from the determination made by the auditor after completing follow-up procedures:

Idaho Department of Correction:

- 2023-203: Office determination – Not Corrected. Based on follow-up procedures completed, the Department of Correction had designed a new process in March 2024 which was implemented for fiscal year 2024 reporting. Audit determination – Corrected.

Idaho Department of Environmental Quality:

- 2023-206: Office determination – Corrected. Based on follow-up procedures completed, the Department of Environmental Quality did not document their evaluation of each subrecipients risk of noncompliance with a subaward as required by *Uniform Guidance* for 13 of 13 subrecipients tested. Audit determination – Not Corrected.

Department of Health and Welfare:

- 2023-210: Office determination – Corrected. Based on follow-up procedures completed, the Department did not include a review or approval for 2 of 8 reports tested. Audit determination – Not Corrected.
- 2023-211: Office determination – Corrected. Based on follow-up procedures completed, the review and approval of the LIHEAP benefits matrix do not go into effect until fiscal year 2025 and the process is to be implemented prior to the beginning of the new federal fiscal year beginning October 1, 2024. Audit determination – Not Corrected.
- 2023-212: Office determination – Corrected. Based on follow-up procedures, the LIHEAP earmarking review process did not go into effect until fiscal year 2025, as per the documented approval email on November 11, 2024. Audit determination – Not Corrected.
- 2023-222: Office determination – Corrected. Based on follow-up procedures, the Department was unable to locate the risk assessment for 2 out of 6 subrecipients tested. Audit determination – Not Corrected.

Idaho Transportation Department

- 2023-226: Office determination – Partially Corrected. Based on follow-up procedures, the Department provided correspondence from the Federal Highway Administration (FHWA) showing that the finding had been closed at the federal level as of March 2025. Audit determination – Corrected.

The summary schedule of prior findings for the single audit also did not explicitly provide a reason for recurrence for findings 2023-201, 2023-203, 2023-208, 2023-223, 2023-224, and 2023-226, as required.

Additionally, the Summary Schedule of Prior Findings for the single audit did not include follow-up work for the following findings:

Commission on Aging:

- 2022-201, which remained Partially Corrected in the 2023 single audit: Based on follow-up procedures, the Commission did not submit timely 5 of 5 reports tested that were submitted after March 2024 and were due by June 30, 2024. The Commission has created a workbook to track awards and reporting dates with

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

reporting period end dates and due dates added to fiscal calendars but continues working to catch up on their federal reporting. Audit Determination – Partially Corrected.

State Department of Education:

- 2022-205, which remained Partially Corrected in the 2023 single audit. Based on follow-up procedures, a sample of 20 fiscal year 2024 ESSER transactions were tested for proper controls to ensure transactions were for allowable activities and to ensure transaction information agreed to supporting documentation. No deviations were noted. Audit Determination – Corrected.

The ACFR prior finding follow-up included the following finding status determination, which differed between the Office determination and the audit determination.

Office of the State Controller:

- 2023-103: Office determination – Corrected. Based on follow-up procedures, we were able to see additional processes were added in the fiscal year 2024 ACFR but were not sufficient to detect or prevent significant misstatements in the 2024 ACFR Audit Determination – Not Corrected.

Additionally, the ACFR prior finding follow-up did not include follow-up work for the following finding:

Idaho State Tax Commission:

- 2022-105: Based on follow-up procedures, the amount of Restricted Cash was understated in fiscal year 2024 closing packages. Audit Determination – Not Corrected.

Cause: The Office did not complete follow-up procedures until the audit work was completed, and the report was in process. Additionally, Office procedures to complete the review are not well documented or properly designed to properly determine the status of prior findings or to ensure a clear reason for recurrence was provided for findings that were not corrected.

Effect: The summary schedule of prior findings does not adequately report all the information required by *Uniform Guidance*.

Recommendation: We recommend that the Office design and implement follow-up procedures to accurately and timely determine if prior findings have been corrected. We also recommend that the Office improve review procedures to ensure the summary schedule of prior findings includes all information required by *Uniform Guidance*.

Management’s View: *The State Controller’s Office acknowledges and agrees with this finding.*

Corrective Action: *The office will work closer with the agencies to ensure we get the same information provided to the auditors and have the correct statuses along with the needed information when not corrected. The office will also dedicate a position to the findings follow up and corrective action plans from other agencies.*

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

DEPARTMENT OF EDUCATION (Department)

FINDING 2024-208

The Department does not have documented internal controls functioning as intended for the Title I Grants to Local Educational Agencies (Title I) annual allocation process increasing the risk of errors occurring and going undetected.

Type of Finding: Significant Deficiency

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Assistance Listing Title: Title I Grants to Local Educational Agencies

Assistance Listing Number: 84.010

Federal Award Number: 170ED2102; 170ED2202; 170ED2302; 500ED2002; 500ED2102; 500ED2202; 500ED2302

Program Year: July 1, 2021 – September 30, 2024; July 1, 2022 – September 30, 2024; July 1, 2023 – September 30, 2025; July 1, 2020 – September 30, 2023

Federal Agency: U.S. Department of Education

Compliance Requirement: Eligibility; Matching, Level of Effort, Earmarking; Special Tests and Provisions

Questioned Costs: None

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

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

Condition: Title I is a formula program to States. The U.S. Department of Education (USED) allocates Title I funds to State educational agencies (SEAs) through four statutory formulas (Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants) that are based primarily on the annually updated census poverty local educational agency (LEA) data adjusted for the cost of education in each State. SEAs in turn distribute Title I funds to their LEAs in accordance with Title I requirements.

The annual allocation process used by the Department for the Title I program includes steps to determine eligibility of the LEAs, calculate federal earmarking requirements, and ensure funding for new and expanding charter schools. The Department must also ensure that new or significantly expanded charter schools receive the appropriate level of funds under each program for which they are eligible. The new and expanding charter school allocations are determined as part of the annual allocation process.

The annual allocation process includes factors for two earmarking requirements. The first requirement is that at least 95 percent of the total Title I funding is passed through to LEAs. The second requirement is that no LEA allocation is below 85 to 95 percent of their prior-year funding.

The allocation amounts calculated for distribution to the LEAs and charter schools are maintained using Excel spreadsheet templates. The Department director typically completes a review of the calculations and allocations to each LEA and charter school. Allocations are determined with the initial USED calculations, then with a final allocation, and again if there are revised final allocations. However, the Department's director and financial principal completed the eligibility and allocation process together during the current audit period. There was no separate documented review completed of the annual allocation calculation in fiscal year 2024.

Cause: The Department experienced significant turnover in the financial specialist position since 2022 that made it difficult to completely train staff to perform the annual allocation calculations independently from the standard reviewers; the director and financial principal. No alternative procedures were completed to ensure accuracy.

Effect: No errors were noted in the eligibility determinations, earmarking requirements, or funding levels for new and expanding charter schools. However, without a separate documented review, there is an increased risk of errors occurring and going undetected.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Recommendation: We recommend that the Department implement internal control procedures that include a separate, documented review process for the annual allocation calculations.

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

Corrective Action: *Immediately following discussions with the auditors on site, allocations, earmarking, and eligibility summary reports were generated as companions to the regular Title I-A allocations process. These three documents are printed, reviewed by the Federal Programs Director, signed and dated by both the Financial Specialist, Principal and Director, then scanned and uploaded to the shared Department drive. This process is completed with both preliminary allocations and final allocations after LEAs have had the opportunity to complete new and significant expansion-related data uploads, if applicable.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. We want to emphasize that the Department needs to create procedures that include documenting and retaining the information related to the review processes completed.

FINDING 2024-209

The Department does not have documented internal controls functioning as intended for the Title I Grants to Local Educational Agencies (Title I) Assessment and Integrity Guide increasing the risk of errors occurring and going undetected.

Type of Finding: Significant Deficiency

Assistance Listing Title: Title I Grants to Local Educational Agencies

Assistance Listing Number: 84.010

Federal Award Number: 170ED2102; 170ED2202; 170ED2302; 500ED2002; 500ED2102; 500ED2202; 500ED2302

Program Year: July 1, 2021 – September 30, 2024; July 1, 2022 – September 30, 2024; July 1, 2023 – September 30, 2025; July 1, 2020 – September 30, 2023; July 1, 2022 – September 30, 2024; July 1, 2023 – September 30, 2025

Federal Agency: U.S. Department of Education

Compliance Requirement: Special Tests and Provisions

Questioned Costs: None

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

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

The Department is required to establish and maintain an assessment system that is valid, reliable, and consistent with relevant professional and technical standards. The assessment system must include policies and procedures to maintain test security and ensure that LEAs implement those policies and procedures (Title I, Section 1111(b)(2)(B)(iii) of the Elementary and secondary Education Act (ESEA) (20 U.S. Code 6311(b)(2)(B)(iii))).

Condition: As part of complying with the requirements for receiving the Title I grants, the Department is required to maintain a policy manual regarding test security. The Department uses an assessment and accountability team to

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

review and update policies and procedures for test security on an annual basis. The team then meets with the assessment and accountability director; however, there was no documented review of the policy updates in the current audit period.

Cause: The Department did not formally document the review process over updates on the test security policy manual. There were changes in personnel, and internal control procedures were not designed effectively to document the review and approval process.

Effect: We identified no errors in compliance with the Assessment and Integrity Guide. However, the lack of a documented review process for updates to the test security manual increases the risk of errors or misinformation in test security guidance occurring and going undetected. Further, the lack of review controls could lead to questions about the integrity and effectiveness of the policy changes.

Recommendation: We recommend that the Department implement internal control procedures that include a documented review process over updates to the policies of procedures for test security.

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

Corrective Action: *The Assessment and Accountability team has implemented a process whereby the staff documents their approval in writing, and then the Director documents her approval in writing as well. Those approvals were taking place previously, and now there is a formalized, written process.*

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

FINDING 2024-210

The Department did not complete sufficient subrecipient monitoring for the Individuals with Disabilities Education Act (IDEA) program during fiscal year 2024.

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Special Education Cluster

Assistance Listing Number: 84.027; 84.173

Federal Award Number: 170ED2131; 170ED2231; 500ED2131; 500ED2141; 500ED2231; 500ED2241; 500ED2331; 500ED2341

Program Year: July 1, 2021 – September 30, 2023; July 1, 2022 – September 30, 2024; July 1, 2021 – September 30, 2023; July 1, 2023 – September 30, 2025

Federal Agency: U.S. Department of Education

Compliance Requirement: Subrecipient Monitoring

Questioned Costs: None

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

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

- Federal Award Identification
 1. Subrecipient's name (which must match the name associated with its unique entity identifier)
 2. Subrecipient's unique entity identifier

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

3. Federal Award Identification Number (FAIN)
 4. Federal award date of award to the recipient by the federal agency
 5. Subaward period of performance start and end date
 6. Subaward budget period start and end date
 7. Amount of federal funds obligated by this action by the pass-through entity to the subrecipient
 8. Total amount of federal funds obligated to the subrecipient by the pass-through entity to the subrecipient
 9. Total amount of the federal award committed to the subrecipient by the pass-through entity
 10. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA)
 11. Name of awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity
 12. Assistance Listings (AL) number and title
 13. Identification of whether the award is research and development (R&D)
 14. Indirect cost rate for the federal award
- All requirements imposed by the pass-through entity on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award.
 - Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the federal awarding agency, included identification of any required financial and performance reports.

Pass-through entities must also:

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

Further guidance is provided by the U.S. Department of Education in the *State General Supervision Responsibilities Under Parts B and C of the IDEA, Monitoring, Technical Assistance, and Enforcement*, which states that a state should monitor all LEAs within a reasonable period of time and at least once within a six-year period.

Condition: The Department has designed a monitoring plan to meet the IDEA subrecipient monitoring requirements that includes reviewing all LEAs in the State within a five-year period. The USED guidelines indicate reviews should occur within a reasonable amount of time and at least once within a six-year period. The annual award notification letters to LEAs contain the required grant award information. The program administrators perform an annual risk assessment of all LEAs and subrecipients receiving IDEA Funds. The risk assessment dictates the frequency of completed monitoring. The LEAs are scheduled to be reviewed every year for high risk, every two years for medium risk, and every four to five years for low risk. There are approximately 180 LEAs receiving IDEA funding each year; therefore, between 36 and 45 subrecipients should be monitored each year.

Fiscal year 2022 was the first year in the monitoring cycle, and monitoring was completed during calendar year 2022 for 35 LEAs. Fiscal year 2023 activity monitoring included 5 LEAs monitored in calendar year 2023, 8 LEAs monitored in calendar year 2024, and 14 LEAs monitored in calendar year 2025. Based on the number of reviews completed in the prior four years, it is unlikely that the Department could complete those remaining 118 reviews in calendar year 2026 to be compliant with the Department's internal policy or at the conclusion of calendar year 2027 to be compliant with USED monitoring guidelines.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Cause: The Department does not have effective written policies and procedures to ensure all LEAs are monitored for IDEA activity within an appropriate amount of time. Further, the Department has not implemented appropriate procedures to ensure monitoring is completed at a sufficient level to ensure compliance with federal program requirements.

Effect: Monitoring for fiscal year 2023 activity took three years to complete. This created a significant backlog of monitoring to be completed for activity in fiscal years 2024, 2025, and 2026 that ensures every LEA is reviewed at least once in a six-year period to be compliant with federal monitoring requirements.

Monitoring LEAs is a critical requirement in accepting federal funds and ensuring that those funds are spent in compliance with allowable costs and other guidelines provided by the grantor. Lack of monitoring of LEAs increases the risk that LEAs may not comply with the grant terms.

Recommendation: We recommend that the Department implement robust written procedures outlining monitoring activities so that an appropriate number of LEAs are monitored annually to help ensure compliance with federal requirements.

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

Corrective Action: *Although the Department agrees that not as many LEAs were monitored as might normally be in a given year, the Department is on track to have monitoring activities completed for all LEAs within the five-year cycle and in accordance with the US Department of Education's six-year cycle. There is no statute that states a certain amount of monitoring must take place each year. Rather, states are required to monitor all LEAs within a six-year period. In Office of Special Education Programs (OSEP) QA 23-01, State General Supervision Responsibilities under Parts B and C of the IDEA, it states: "States should ensure all LEAs or EIS programs are monitored at least once within the six-year cycle of the State's SPP/APR, presumptively implementing a reasonable timeframe for monitoring." (See also Q A-11). The special education fiscal monitoring process includes robust written policies and procedures to meet federal requirements, and the Department underwent thorough federal on-site monitoring by OSEP in FY 2024 and passed without any fiscal findings.*

The LEA fiscal monitoring is assigned and takes place throughout the state fiscal year. The Department has completed or is in the process of completing 88 LEA monitors for the first three years in the cycle before the end of calendar year 2025. Corrective actions will be forthcoming, and LEAs have 365 days to complete any state monitoring and enforcement corrective actions under 34 CFR 300.600(e). This program-specific rule complements the Uniform Grant Guidance of 2 CFR 200.332(d) in which passthrough entities (SEAs) "must ensure subrecipients take 'timely and appropriate action' to correct deficiencies."

The Department is currently transitioning to year four of the five-year cycle for FY 2025-26 (reviewing FY 2024-25 records). With the support of five contracted staff, 60 LEAs are scheduled between December 2025 and June 2026 to review FY 2024-25 fiscal records (made available in November 2025 when CPA audits are due to the state). The Department is also continuing to close out corrective action plans for LEAs from prior reviews. Year five (FY 2026-27) of the cycle will evaluate the FY 2025-26 fiscal records of remaining LEAs. Those LEAs will not be available to monitor until November 2026 when LEA CPA audits are finalized and available. The Department will conduct those reviews in FY 2026-27 (after November 2026).

The Department will continue to conduct other monitoring activities throughout the year for all LEAs including through claim reimbursement reviews, the annual IDEA Part B Application, and the risk assessment activities in alignment with Idaho's Special Education System of General Supervision.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. We continue to assert that the Department's documented progress monitoring LEAs through the end of fiscal year 2024 does not indicate it will comply with federal monitoring requirements. As stated in the finding, documentation

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

reviewed shows that only 62 out of 180 LEAs have been monitored over three and ¾ years, between January 2022 and October 2025. Approximately 63 percent of the available 6-year monitoring period has elapsed and the Department has only completed approximately 34 percent of the required reviews. While the Department indicates its intention to catch up the completed reviews, it is unlikely to occur until the Department not only outline a well-defined schedule of monitoring to be completed that complies with the requirements, but also tracks its performance of monitoring completed each year to ensure that each LEA is monitored at least once every 6 years in accordance with federal monitoring guidelines.

DEPARTMENT OF ENVIRONMENTAL QUALITY (Department)

FINDING 2024-211

The Department did not consistently document compliance with federal suspension and debarment requirements for the Coronavirus State and Local Fiscal Recovery Funds program.

Type of Finding: Material Weakness, Noncompliance

Assistance Listing Title: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Federal Award Number: SLFRP0142

Program Year: March 3, 2021 – December 31, 2024

Federal Agency: Department of the Treasury

Compliance Requirement: Procurement and Suspension and Debarment

Questioned Costs: None

Criteria: The U.S. *Code of Federal Regulations (CFR) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* (2 CFR Part 180.300) requires grantees to verify an entity is not suspended or debarred or otherwise excluded before entering into a covered transaction. The verification is accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration and available online, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Covered transactions, as defined by 2 CFR 180.220, include contracts for goods and services awarded under a non-procurement transaction (for example, grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria.

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

Condition: During fiscal year 2024, the Department procedures utilized the process for routing a contract to verify that a vendor was not suspended and debarred. The routing slip includes necessary bidding documents, solicitation documents, bidder evaluations, SAM check on vendor, and the notice of award, as documented in the Department's DEQ Contract Officer Desk Manual.

Contracts 2495 and 2392, solicited to respective contractors Amplifund and Energy Laboratories, did not include evidence of the required SAM check for the vendor on the routing slip. This resulted in two deviations out of a sample of four, reporting a 50 percent exception rate. The Department's fiscal officer informed us that these contracts were solicited through the State Division of Purchasing; however, the Department was unable to provide information from the State Division of Purchasing that the SAM check was done prior to funds being sent to the vendor. The responsibility to ensure compliance with federal requirements remains with the Department issuing the contract.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Cause: Department staff did not verify that all steps required on the routing slip were appropriately completed when a contract was solicited by the State Division of Purchasing.

Effect: We did not identify suspended or debarred vendors receiving federal funds during our testing. However, the requirement is to ensure that funds do not go to a contractor that is suspended or disbarred and without a consistently applied and documented internal control the Department increases the risk of paying funds to a contractor who is suspended or disbarred

Recommendation: We recommend that the Department strengthen control procedures to include procedures to document the Department’s verification that vendors are not suspended or debarred prior to entering into a covered transaction whether the contract is solicited by the Department or by the State Division of Purchasing.

Management’s View: *We agree with and acknowledge the finding presented and are committed to addressing it with the following corrective action plan.*

Corrective Action: *The agency utilizes a routing slip or checklist that includes a suspension and debarment check, which will be used and reviewed prior to entering into a covered transaction. This check will be done regardless of whether the solicitation is through our Department, or the State Division of Purchasing. DEQ has had significant turnover in the fiscal office, which has resulted in gaps of knowledge of policies and practices. In summer 2025, DEQ leadership reorganized the fiscal department to improve efficiency, enhance oversight of grants and contracts, and strengthen financial controls. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures, including those for federal grant compliance.*

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

FINDING 2024-212

The Department’s Indirect Cost Rate Proposal (ICRP) contained multiple errors.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Drinking Water State Revolving Fund; Clean Water State Revolving Fund **Assistance**

Listing Number: 66.468; 66.458

Federal Award Number: Various

Program Year: Various

Federal Agency: Environmental Protection Agency

Compliance Requirement: Allowable Costs/Cost Principles

Questioned Costs: Undetermined

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

Section 2 CFR 200.400 contains the policy guide for cost principles related to federal grant administration. Paragraph (a) states that the nonfederal entity is responsible for the efficient and effective administration of the federal award through the application of sound management practices. Paragraph (d) states that the accounting practices of the nonfederal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles and must provide for adequate documentation to support costs charged to the federal award.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Condition: The Department uses an Indirect Cost Rate Agreement to charge indirect costs to its programs. We reviewed the ICRP used to calculate the indirect cost rate in place in fiscal year 2024 and found multiple errors:

- The direct cost base was reported as \$27,355,390; however, the ICRP did not define the methodology used to calculate that amount, the amount reported was also not defined in a detailed schedule in the ICRP, and the Department could not provide documentation to support that it was correct.
- The indirect departmental cost was reported as \$9,685,891 however, the ICRP did not define the methodology used to calculate that amount nor was the amount reported or supported by a detailed schedule in the ICRP, and the Department could not provide documentation to support that it was correct.
- The rate calculation did not include a carryforward amount from the prior year, as required.
- The schedules in the proposal contained multiple mathematical errors, including the total sum of the fiscal year 2024 indirect cost pool. The sum was reported as \$9,543,761; however, the amounts in the schedule sum to \$9,696,805. The difference, \$153,044, was the carryover amount from the fiscal year 2022 ICRP, which was incorrect.

Cause: The Department's procedures require the ICRP to be compiled by the fiscal staff and reviewed by separate staff to identify errors. The Department provided documentation to verify that the review occurred; however, it was not performed at a level of detail necessary to identify the errors. The Department also did not include a procedure to retain documentation to support the amounts reported in the ICRP.

Effect: We were unable to determine if the indirect cost rate used in fiscal year 2024 was correctly calculated because the methodology and documentation to support the amounts used in the calculation were unavailable. Further, Department staff could not explain or recreate what had been calculated. Even if we make assumptions about what the direct cost base was intended to include, typically direct salary, wages, and fringe benefits, there is no support available to identify which salaries were included or how fringe benefits were calculated. Additionally, formula errors within the schedule used to calculate the rate increase the risk of an incorrect calculation.

Recommendation: We recommend that the Department provide training for the staff preparing and reviewing the ICRP to ensure compliance with applicable regulations. We further recommend that the Department design and implement procedures to retain documentation of the methods used to compile the ICRP and the basis for the amounts reported in the ICRP.

Management's View: *We agree with and acknowledge the finding presented and are committed to addressing it with the following corrective action plan.*

Corrective Action: *The agency has new staff that will be preparing and submitting the indirect cost rate proposal this year and will take the auditor's recommendations very seriously in our development and preparation. We have reached out to our federal oversight agency for assistance and direction and are committed to maintaining a file with all supporting documentation used to compile and prepare the proposal, as required by 2 CFR 200. DEQ has had significant turnover in the fiscal office, which has resulted in gaps of knowledge of policies and practices. In summer 2025, DEQ leadership reorganized the fiscal department to improve efficiency, enhance oversight of grants and contracts, and strengthen financial controls. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures, including those for federal grant compliance.*

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

FINDING 2024-213

The Department did not have documentation to support the verification that grant subrecipients were not suspended or debarred.

Type of Finding: Material Weakness, Noncompliance

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Assistance Listing Title: Drinking Water State Revolving Fund
Assistance Listing Number: 66.468
Federal Award Number: Various
Program Year: Various
Federal Agency: Environmental Protection Agency
Compliance Requirement: Procurement and Suspension and Debarment
Questioned Costs: None

Criteria: The U.S. *Code of Federal Regulations (CFR) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* contains guidance that nonfederal entities must follow as a condition of receiving federal awards. Section 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

Section 2 CFR 180.300 requires grantees to verify an entity is not suspended or debarred or otherwise excluded before entering into a covered transaction. The verification is accomplished by (1) checking the System for Award Management (SAM) exclusions maintained by the General Services Administration and available online, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Covered transactions, as defined by 2 CFR 180.220, include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria.

Condition: Loan recipients from the Drinking Water State Revolving Fund (DWSRF) are considered subrecipients for federal grant compliance purposes. We tested 7 of the 46 identified subrecipients (or 15 percent) to determine if the Department verified that the subrecipients were not suspended or debarred. The Department could not provide documentation to support that suspension and debarment checks were performed for 2 subrecipients (or 28.57 percent).

Cause: The Department did not have procedures in place to maintain documentation to support the checks for suspended or debarred subrecipients.

Effect: We reviewed all subrecipients selected as part of our testing and verified that none were on the SAM list as suspended or debarred. However, the Department does not have adequate controls in place to ensure that they are not entering into covered transactions with suspended or debarred subrecipients.

Subrecipients can be suspended or debarred for many reasons including financial crimes such as fraud, embezzlement, or bribery, and other issues such as consistent poor performance on previous contracts or violations of laws. Taking steps to ensure vendors are not suspended or debarred is important to prevent fraud, waste, and abuse.

Recommendation: We recommend that the Department develop and implement procedures to ensure that they are not entering into covered transactions with suspended or debarred parties and retain documentation to support compliance with suspension and debarment requirements.

Management's View: *We agree with and acknowledge the three findings presented and are committed to addressing them with the following corrective actions being taken by DEQ.*

Corrective Action: *The agency utilizes a routing slip or checklist that includes a suspension and debarment check, which will be used and reviewed prior to entering into a covered transaction. This check will be done, and*

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

documented, regardless of whether the solicitation is through our Department, or the State Division of Purchasing. DEQ has had significant turnover in the fiscal office, which has resulted in gaps of knowledge of policies and practices. In summer 2025, DEQ leadership reorganized the fiscal department to improve efficiency, enhance oversight of grants and contracts, and strengthen financial controls. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures. Along with these changes, the grants and contracts teams have been combined to help with oversight and consistency. This is particularly valuable when contracting or procuring goods or services with grant or federal funds.

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

FINDING 2024-214

The Department does not have documented internal controls for cash draws and requested reimbursement for the same \$175,500 grant expenditure twice.

Type of Finding: Material Weakness, Noncompliance

Assistance Listing Title: Clean Water State Revolving Fund

Assistance Listing Number: 66.458

Federal Award Number: EB25020-22

Program Year: November 1, 2022 – October 31, 2027

Federal Agency: Environmental Protection Agency

Compliance Requirement: Cash Management

Questioned Costs: \$175,500 Known

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

Section 2 CFR 200.400 contains the policy guide for cost principles related to federal grant administration. Paragraph (a) states that the nonfederal entity is responsible for the efficient and effective administration of the federal award through the application of sound management practices. Paragraph (d) states that the accounting practices of the nonfederal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles and must provide for adequate documentation to support costs charged to the federal award.

Condition: The Department draws grant funds for reimbursement of allowed costs such as loan disbursements and set-aside funds which may be used for administrative expenses, technical assistance to small water systems, and State program management. One employee uses reports from the statewide accounting system, Luma, to prepare the draw request, accesses the Environmental Protection Agency’s (EPA) Automated Standard Application for Payments (ASAP) system to request the draw, and enters the receivable amount into Luma. The Department does not have a procedure in place for a second person to verify the amounts requested in the grant draws are correct.

We tested the following cash draws for the Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF) to verify they were made in compliance with applicable requirements and were recorded in the correct amount:

- The Department made five cash draws for reimbursement of loan disbursements for the DWSRF. We tested all five and found no errors.
- The Department made four cash draws for reimbursement of loan disbursements for the CWSRF. We tested all four and found one \$175,500 draw that was a duplicate of a previously drawn amount.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

- The Department made six draws for set-aside amounts. These draws were made for multiple EPA programs including the CWSRF and DWSRF. We tested all six and found no errors.

Cause: The Department relied on the expenditure controls in Luma to identify the grant expenditures used to determine the amount of the cash draws and did not believe additional controls were necessary. However, these controls would not be effective for ensuring that errors in the draw process would be detected or prevented.

Effect: The Department did not have controls in place to identify a duplicate cash draw request for \$175,500, resulting in questioned costs. Without control procedures in place to ensure the correct grant expenditures are identified for cash draw requests, additional errors could be made and remain undetected.

Recommendation: We recommend that the Department design and implement control procedures to ensure cash draw requests are correct and supported.

Management's View: *We agree with and acknowledge the three findings presented and are committed to addressing them with the following corrective actions being taken by DEQ.*

Corrective Action: *The duplicate payment in question was issued but not redeemed. The issuance was to a similar, but incorrect, vendor name and was caught by staff before it was sent to the vendor. The transaction was cancelled in Luma but was not properly recorded in the following draw request. Fiscal staff now perform a thorough review of transactions before a loan draw is finalized in Luma, reconciling the transactions from the Loans and Grants Tracking System (LGTS) to the information generated in the Luma draw invoice. The reconciling and supporting documentation from LGTS is attached to the Luma draw invoice. DEQ has had significant turnover in the fiscal office, which has resulted in gaps of knowledge of policies and practices. In summer 2025, DEQ leadership reorganized the fiscal department to improve efficiency, enhance oversight of grants and contracts, and strengthen financial controls. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures, including those for federal grant compliance.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. We agree that a more stringent review process and reconciliation control in place would likely prevent or detect an error of this nature in the future, however we would also like to emphasize that the Department should contact the federal grantor to resolve the overdraw of \$175,500.

FINDING 2024-215

The Department did not document subrecipient risk assessments or ensure subrecipient audits were received for the Coronavirus State and Local Fiscal Recovery Fund.

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Federal Award Number: SLFRP0142

Program Year: March 3, 2021 – December 31, 2024

Federal Agency: Department of the Treasury

Compliance Requirement: Subrecipient Monitoring

Questioned Costs: None

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

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The requirements for pass-through entities are in 2 CFR 200.332, which states that all pass-through entities must:

- Evaluate each subrecipient’s risk of noncompliance with federal statutes, regulations and the terms and conditions of the subaward for the purpose of determining the appropriate subrecipient monitoring.
- Consider imposing specific subaward conditions upon a subrecipient, if appropriate.
- Verify that every subrecipient is audited as required by 2 CFR 200, Subpart F, and follow up on the results of those audits. A non-Federal entity that expends \$750,000 or more during the non-Federal entity’s fiscal year in Federal awards must have a single or program-specific audit conducted for that year.

Condition: The Department received funds for the Coronavirus State and Local Fiscal Recovery Fund (Assistance Listing Number 21.027) from the U.S. Department of Treasury through the Idaho Department of Financial Management. The funds were for two specific program areas within the Department: planning and construction grants for the clean and drinking water infrastructure projects and waste management projects. During fiscal year 2024, there were 128 subrecipients for these funds. The Department established oversight for these funds under the Grant Loan Bureau (planning and infrastructure grants) and the Waste Management Group (various waste management projects).

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

- 1) The Department did not adequately document their evaluation of each subrecipient’s risk of noncompliance with federal statutes, regulations, and terms and conditions of the subaward for 13 out of 13 (100 percent) of the sample tested. The Department completes thorough reviews throughout the project timeline to ensure that subrecipients are complying, but those reviews do not adequately assess the subrecipients risk of noncompliance with a subaward, prior to award, as required by 2 CFR 200.332(c). While the Department’s review does ensure each subrecipient has financial review controls in place, the Department does not document a formal risk assessment that evaluates each subrecipient’s risk of noncompliance based on the subrecipient’s prior experience with the same or similar awards, the results of previous awards including whether the subrecipient receives a Single Audit, whether the subrecipient has new personnel, or the extent and results of any Federal agency monitoring.
- 2) The Department does not have a process in place to ensure that subrecipients are audited, as required by 2 CFR 200, Subpart F for 1 out of 13 (7.69 percent) of the contracts tested. In the prior-year audit, it was stated that the planning/construction group in the Grants Loans Bureau were aware of this issue and have procedures in place within their Loan Grant Tracking Software (LGTS) and that the Waste Program was aware that the subrecipients also required procedures; however, no procedures are in place. During this year’s audit, however, no documentation was submitted in support of the Grants Loan Bureau or the Waste Program.

Cause: The Department did not have a formal documented risk assessment process in place as they believed the application process and monitoring during the actual grant award period met the requirements.

The Department has procedures in place to check the Federal Audit Clearinghouse for Single Audit Act (SAA) grant audits to see if a subrecipient has a recent audit, however, this procedure alone does not satisfy the requirement. The Department did not deem it necessary to implement additional procedures to ensure an audit was completed for subrecipients meeting the threshold because the grant makes up more than 50 percent of the total project cost and are reimbursement grants. The fact that these are reimbursement grants does not exempt the Department from ensuring that the subrecipient is audited as required by 2 CFR 200, Subpart F.

Effect: Subrecipient monitoring is a critical requirement when accepting federal funds and ensuring that those funds are spent in compliance with allowable costs and other guidelines provided by the grantor.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Assessing the risk of subrecipient noncompliance enables a pass-through entity to determine the proper level of monitoring procedures. Without completing the risk assessment process, a pass-through entity may increase the risk that appropriate monitoring procedures will not be performed, and noncompliance may occur and go undetected. Subrecipient audit reports may identify internal control issues and noncompliance with federal award requirements. Reviewing these reports and ensuring that potential issues are addressed decreases the overall risk of noncompliance with the federal award requirements.

Recommendation: We recommend that the Department design and implement appropriate procedures to ensure that subrecipient risk assessments are properly completed and documented and subrecipient audits are completed and reviewed in accordance with federal grant regulations.

Management's View: *We agree with and acknowledge the three findings presented and are committed to addressing them with the following corrective actions being taken by DEQ.*

Corrective Action: *The Department created a Subrecipient Monitoring Policy that will be implemented by the end of this calendar year, December 31, 2025. This policy includes a risk assessment checklist that will be used prior to issuing a subaward. The results of the risk assessment, the overall risk level, and the level of monitoring will be included in the subaward agreement. The risk assessment and the process will be documented with each subaward request. DEQ has had significant turnover in the fiscal office, which has resulted in gaps of knowledge of policies and practices. In summer 2025, DEQ leadership reorganized the fiscal department to improve efficiency, enhance oversight of grants and contracts, and strengthen financial controls. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures. Along with these changes, the grants and contracts teams have been combined to help with oversight and consistency. This is particularly valuable when contracting or procuring goods or services with grant or federal funds.*

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

DIVISION OF FINANCIAL MANAGEMENT (Division)

FINDING 2024-216

Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) project and expenditure reports (P&E) contained material overstatements.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Federal Award Number: SLFRP0142

Program Year: March 3, 2021 – December 31, 2024

Federal Agency: Department of Treasury

Compliance Requirement: Reporting

Questioned Costs: None

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

The *Internal Control Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure management directives are carried out

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

and risks are mitigated. These activities include items such as approvals, authorizations, verifications, reconciliations, and segregation of duties.

The CSLFRF grant award from the U.S. Department of the Treasury requires recipients to provide quarterly P&E reports that contain related costs incurred during the covered period. The recipient's quarterly P&E report submissions should be supported by the data in the recipient's accounting system.

Condition: During fiscal year 2024, the CSLFRF program was required to submit four P&E reports to the federal government. The agency's state financial officer compiles and submits the reports to the U.S. Department of the Treasury. The report for the quarter ending March 31, 2024, was overstated by \$36.5 million, and the report for the quarter ending June 30, 2024, was overstated by \$1.3 million.

Cause: The Division's controls are not performed at the level of detail necessary to prevent or detect errors in the reports before they are submitted to the U.S. Department of the Treasury.

The Division compiles P&E reports based off information provided by State agencies. In the prior year, the Division pulled queries to ensure accuracy of agency reported amounts. This process was not performed in the current year as the Division encountered difficulties when attempting to pull reports from the newly implemented accounting system, Luma, to verify agency reported amounts.

Effect: The report for the quarter ending March 31, 2024, was overstated by \$36.5 million, and the report for the quarter ending June 30, 2024, was overstated by \$1.3 million.

Recommendation: We recommend that the Division design and implement internal controls to ensure CSLFRF P&E reports are accurate. We also recommend that the Division e-mail the U.S. Department of the Treasury to correct erroneous information in the Treasury Portal as suggested in the *Project and Expenditure Report User Guide* published by the U.S. Department of the Treasury.

Management's View: *The agency agrees with this finding. With significant turnover at DFM, and the implantation of a new statewide accounting system it was difficult to identify expenditure data that was provided by agencies to the division. Additionally, it was difficult to get responses from the US Department of Treasury when identifying errors to be correct in prior periods. Currently there is no option to update prior quarter errors when they are identified.*

Corrective Action: *DFM is currently training other staff members to add to the bench of support for SLFRF quarterly reporting. This training includes matching expenditures in Luma. We are also going to engage with SCO to see if we can get a report built to identify agency expenditures and match them to the reports provided by the agencies. Additionally, we will continue to work with the US Treasury to see if we can update previous reporting periods.*

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

DEPARTMENT OF HEALTH AND WELFARE (Department)

FINDING 2024-217

The Department lacked documentation to support continued eligibility for providers within the Medicaid program.

Type of Finding: Material Weakness, Material Noncompliance

AL Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program

AL Number: 93.777; 93.778

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Federal Award Number: 2305ID5000; 2405ID5000; 2305ID5CAA; 2405ID5CAA; 2305ID50C3; 2305ID5MAP; 2305ID5ADM; 2405ID5MAP; 2405ID5ADM; NH23IP922633; NU51PS005169

Program Year: July 1, 2019 – June 30, 2025; May 1, 2021 – April 30, 2026; October 1, 2022 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: Department of Health and Human Services

Requirement: Special Tests and Provisions

Questioned Costs: Undetermined

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 42 CFR 431.107 states that providers must be licensed in accordance with federal, state and local laws, and regulations to participate in the Medicaid program and receive payments.

Additionally, the *Uniform Guidance* included in 42 CFR 455.412 states that the state Medicaid agency must:

- (a) Have a method for verifying that any provider purporting to be licensed in accordance with the laws of any state is licensed by such state.
- (b) Confirm that the provider's license has not expired and that there are no current limitations on the provider's license.

Condition: The Department could not provide documentation to support the eligibility for 14 of the 62 MCO providers tested (or 22.6 percent) and could not provide documentation that 9 of the 14 noted providers (or 64.3 percent) had applicable licenses and certifications.

Also, 4 out of 14 noted providers (or 28.6 percent) did not have an active contract with the MCO during the applicable period. The Department also could not provide documentation for 1 out of the 14 noted providers (or 7.1 percent) that the provider entered into an agreement and made the required disclosures to the State. We were unable to verify if the MCOs paid claims to ineligible providers. The Department should have been tracking and verifying payments were not made to ineligible providers by the MCOs.

All providers noted were included in the rosters as of December 2024, indicating they were eligible to participate in the Medicaid program.

Cause: The Department did not review the documentation supporting eligibility for 14 providers at a level of detail sufficient to properly identify the required missing support, despite the providers being included in the provider roster reports.

Effect: Without supporting documentation, we are unable to confirm that the noted providers were eligible to participate in the Medicaid program. In addition, there is an increased risk that a Medicaid recipient could utilize an ineligible provider from the roster and claim payments could be processed by an MCO and go undetected by the Department.

Recommendation: We recommend that the Department strengthen internal controls to ensure required documentation is maintained by MCOs to support the eligibility of contracted providers, including applicable

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

licenses and certifications, provider agreements, and required disclosures to the State. In addition, we recommend that the Department determines if payments were made to ineligible providers.

Management's View: *The Department Agrees with this Finding.*

Corrective Action: *As part of the Provider Enrollment project, the division will audit provider payments starting in 2026. The health plans will be required to validate that the providers are fully enrolled with Medicaid prior to enrolling with the health plan in early 2026. These audits will begin in May 2026 and continue through the end of the year depending on when provider reports are due to Medicaid. This is also part of the Corrective Action Plan mentioned in finding #5 [2024-222]. The information required to validate that no payment was made inappropriately is part of the audits that will be conducted this year with the provider rosters.*

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

FINDING 2024-218

The Department did not ensure compliance with federal requirements that Managed Care Organizations (MCO) were submitting provider roster reports annually to verify that all providers are properly licensed and in good standing.

Type of Finding: Material Weakness, Noncompliance

AL Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program

AL Number: 93.777; 93.778

Federal Award Number: 2305ID5000; 2405ID5000; 2305ID5CAA; 2405ID5CAA; 2305ID50C3; 2305ID5MAP; 2305ID5ADM; 2405ID5MAP; 2405ID5ADM; NH23IP922633; NU51PS005169

Program Year: July 1, 2019 – June 30, 2025; May 1, 2021 – April 30, 2026; October 1, 2022 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: Department of Health and Human Services

Requirement: Special Tests and Provisions

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 42 CFR Section 431.107 states that providers must be licensed in accordance with federal, state and local laws, and regulations to participate in the Medicaid program and receive payments.

Additionally, the *Uniform Guidance* included in 42 CFR 455.412 states that the state Medicaid agency must:

- (a) Have a method for verifying that any provider purporting to be licensed in accordance with the laws of any state is licensed by such state.
- (b) Confirm that the provider's license has not expired and that there are no current limitations on the provider's license.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Condition: The Department has contracts with 4 MCOs; 2 of the Department’s MCOs submitted provider roster reports as required. We confirmed that the Department received 4 provider roster reports for the applicable Managed Care Plans.

The receipt of the provider roster reports for each plan, the review of the plan, and the approval of the plan are documented on a tracking spreadsheet. We noted that 3 out of 4 managed care plans (or 75 percent) did not have the receipt, the review, or the approval information documented on the tracking spreadsheet for fiscal year 2024.

Cause: It appears that while the Department had established internal controls to document the receipt, review, and approval of the provider roster reports on the tracking spreadsheet, it was not consistently performed due to the Division of Medicaid oversight. The Department is updating the tracking spreadsheet to ensure proper documentation is maintained in the future.

Effect: In the absence of internal controls over the provider roster reports, an MCO could be enrolling and maintaining ineligible providers.

Recommendation: We recommend that the Department strengthen internal controls over the MCO provider roster reports and properly document the receipts, reviews, and approval information.

Management’s View: *The Department Agrees with this Finding.*

Corrective Action: *Starting early 2026 most providers will be required to enroll with Medicaid prior enrollment with the health plans. Health plans have been receiving a daily file with the provider enrollment information and are working on their own system changes to intake that information. This is part of the Corrective Action Plan that is mentioned in finding #5 [2024-222]. The report trackers that the Medicaid teams use will document when these reports are received, whether or not they meet metric criteria. The audit of those provider rosters will occur annually.*

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

FINDING 2024-219

The Medicaid Enterprise System was not properly updated for members deemed ineligible, resulting in capitation payments issued to Managed Care Organizations for ineligible members within the Medicaid program.

Type of Finding: Material Weakness, Material Noncompliance

AL Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program

AL Number: 93.777; 93.778

Federal Award Number: 2305ID5000; 2405ID5000; 2305ID5CAA; 2405ID5CAA; 2305ID50C3; 2305ID5MAP; 2305ID5ADM; 2405ID5MAP; 2405ID5ADM; NH23IP922633; NU51PS005169

Program Year: July 1, 2019 – June 30, 2025, May 1, 2021 – April 30, 2026, October 1, 2022 – September 30, 2023, October 1, 2023 – September 30, 2024

Federal Agency: Department of Health and Human Services

Requirement: Eligibility

Questioned Costs: \$78 Known, \$2,051,295 Projected

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

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 42 CFR 435.10 states that a state plan must:

- (a) Provide that the requirements of this part are met; and
- (b) Specify the groups to whom Medicaid is provided, as specified in subparts B, C, and D of this part, and the conditions of eligibility for individuals in those groups.

The *Uniform Guidance* included in 42 CFR 438.3(c)(2) states that capitation payments may only be made by the state and retained by the Managed Care Organization, Prepaid Inpatient Health Plans, or Prepaid Ambulatory Health Plans for Medicaid-eligible enrollees.

Condition: During our review of the eligibility determination for Medicaid members, we tested 78 claims that included capitation payments. Capitation payments are payments made by the State to Managed Care Organizations (MCO), Prepaid Inpatient Health Plans, or Prepaid Ambulatory Health Plans for Medicaid eligible enrollees. For each MCO, capitation payments are calculated per member per month. The Department makes payments to an MCO based on the total number of members per month. Out of 78 claims tested, 3 capitation payments (or 3.8 percent) were paid to the MCOs for Medicaid members that were no longer eligible; 2 of the 3 capitation payments were paid for a Medicaid member that was eligible through May 2023; and 1 of the 3 capitation payments was paid for a Medicaid participant that was eligible through the end of April 2023.

Questioned costs were calculated based on a sample error of \$78 of known questioned costs paid that was projected out to the overall population for \$2,051,295 of projected questioned costs.

Cause: During May 2023, eligibility was re-evaluated in the Idaho Benefit and Eligibility System (IBES). The members in some MCO plans were determined ineligible in IBES. The updates to eligibility status were not forwarded to the Medicaid Enterprise System (MES). Capitation payments were still paid on behalf of these members despite being deemed ineligible in IBES. The MES relies on member eligibility information from IBES and interfaces nightly; however, the eligibility status in IBES was not appropriately updated in MES. No claims were paid on behalf of those members during fiscal year 2024.

Effect: Though we did not identify claims in our sample that were paid on behalf of the ineligible members during fiscal year 2024, the Department did issue Medicaid capitation payments on behalf of ineligible members. Additionally, given the nature of the error in updating the MES, other capitation payments or claims may have been paid for ineligible members.

Recommendation: We recommend that the Department properly design, implement, and maintain internal controls to ensure that MES and IBES data are properly interfacing, complete, and accurate, ensuring that capitation payments are issued only for eligible members. In addition, we recommend that the Department review those recipients that were deemed ineligible to determine which would have contributed to capitation payments and if any more had been made in error.

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

Corrective Action: *Medicaid recognizes that this appears to be an interface issue with Self Reliance, and their inability to send correct eligibility records to Medicaid in certain instances. Medicaid will investigate and work with Self Reliance to mitigate these issues while working through our new system implementations and interfaces. Self-Reliance is looking at the issue to identify root causes and will work closely with MC to determine next steps to implement. System integration is expected in 2028. In the interim, we'll identify issues and develop*

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

implementation strategies by 2027. Strategies will align with system updates and builds for both Self-Reliance and Medicaid.

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

FINDING 2024-220

The expenditures reported on the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program form (CMS-64) were understated by \$16,348,275 for the Medicaid program.

Type of Finding: Material Weakness, Noncompliance

AL Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program

AL Number: 93.777; 93.778

Federal Award Number: 2305ID5000; 2405ID5000; 2305ID5CAA; 2405ID5CAA; 2305ID50C3; 2305ID5MAP; 2305ID5ADM; 2405ID5MAP; 2405ID5ADM; NH23IP922633; NU51PS005169

Program Year: July 1, 2019 – June 30, 2025; May 1, 2021 – April 30, 2026; October 1, 2022 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: Department of Health and Human Services

Requirement: Reporting

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 45 CFR 302.15(a)(3) states that the agency should maintain the necessary records for the proper and efficient operation of the State plan, including records regarding amount and sources of support collections and the distribution of these collections.

In addition, the *Uniform Guidance* included in 42 CFR 430.30(c)(1) states that the State must submit the CMS-64 to the central office (with a copy to the regional office) not later than 30 days after the end of each quarter.

Condition: The CMS-64 is used by the Department to report its actual program benefit costs and administrative expenses to the Centers for Medicare and Medicaid Services (CMS). We reviewed two of the four quarters submitted during fiscal year 2024.

One of the two tested quarters on the CMS-64 (or 50 percent) was submitted 207 days late. The other quarter was submitted 185 days late. The Department notified CMS and received return communications acknowledging that reporting for Idaho would be delayed due to the implementation of Luma.

In addition, one of the two quarters tested on the CMS-64 (or 50 percent), the state and local administration amount was understated by \$16,348,275.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Cause: The implementation of Luma resulted in significant reporting issues and caused the Department to submit the CMS-64 forms late.

In addition, staff turnover and insufficient training caused the misstatement of the state and local administration amount on the CMS-64, and the review of the report was not performed at a level sufficient to identify errors.

Effect: The late submission of the CMS-64 caused the Department to be noncompliant with the federal requirements. Additionally, the state and local administration amount reported on the CMS-64 was understated by \$16,348,275 for one quarter during fiscal year 2024 for the Medicaid program. The understatement was eventually corrected in the June 30, 2025, CMS report.

Recommendation: We recommend that the Department strengthen internal controls to ensure accurate amounts are reported and timely submission of the CMS-64.

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

Corrective Action: *As noted in the finding, the late submission and understated expenditures were primarily the result of the Luma system implementation and the unavailability of required data for CMS reporting. During the development phase, concerns were raised regarding the system's ability to meet federal reporting requirements—specifically the CMS-64 and CMS-21 reports for Medicaid. The Budget Team requested sample output reports to proactively update workpapers and ensure accurate and timely reporting; however, these requests were not fulfilled.*

During the delay in timely reporting, DHW maintained ongoing communication with our federal partners. The Budget Team developed the necessary reports and revised internal processes to bring reporting current. The Budget Team also worked closely with our federal auditors to ensure no reporting elements were inadvertently omitted. During this review, we identified that our initial submission excluded indirect expenditures associated with the federally approved Cost Allocation Plan. This allocation process cannot be completed within Luma and requires coordination among the State Controller's Office, two external vendors, and the Cost Allocation Budget Analyst. These dependencies created significant delays. As a result, indirect cost allocation charges were substantially delayed, and the first successful import for July 2023 did not occur until November 2023.

Upon receiving the complete data, the Reporting Team corrected the process, documented the updates, and submitted a prior period adjustment to capture previously under-reported expenditures.

As we entered SFY 2025, we had a more comprehensive understanding of the new processes and required timelines. This resulted in improved timeliness: the December 2024 submission was five days late submitted 2/4/25, the March 2025 submission was two days late submitted 4/30/25 and resubmitted 7/31/25, and the June 2025 submission was only one day late submitted 7/31/25. We are pleased to report that the September 2025 submission was certified on time and submitted 10/30/25. While some reporting adjustments were needed, CMS and the Budget Team collaborated effectively to update and recertify the report to ensure accuracy.

We have updated all relevant process documentation and continue to automate steps where feasible to further improve efficiency and reduce turnaround times.

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

FINDING 2024-221

The Division of Medicaid did not document the review and approval of the audited financial reports of the Managed Care Organizations (MCO).

Type of Finding: Material Weakness

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Related to Prior Finding: 2023-224

AL Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program

AL Number: 93.777, 93.778

Federal Award Number: 2305ID5000; 2405ID5000; 2305ID5CAA; 2405ID5CAA; 2305ID50C3; 2305ID5MAP; 2305ID5ADM; 2405ID5MAP; 2405ID5ADM; NH23IP922633; NU51PS005169

Program Year: July 1, 2019 – June 30, 2025; May 1, 2021 – April 30, 2026; October 1, 2022 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: Department of Health and Human Services

Requirement: Special Tests and Provisions

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 42 CFR 438.3(m) requires the contract with MCO to include the requirement to submit audited financial reports specific to the Medicaid contract on an annual basis. These audits must be conducted in accordance with generally accepted accounting principles and generally accepted auditing standards.

Condition: We reviewed all 4 MCO contracts with the Department that were active during fiscal year 2024. The Department did include requirements for the MCOs to submit audited financial reports in the contracts but did not have documented reviews and approvals in places over those audited financial reports provided for 2 out of 4 MCO contracts (or 50 percent).

Cause: The Department did not realize that the annual submission of the audited financial reports provided by the MCO was not included in the monitoring spreadsheet until we requested clarification which led to a lack of a documented review.

Effect: Audited financial reports provide information about internal controls and compliance with laws, rules, and regulations. Collecting and reviewing audited financial reports provides additional oversight and the ability to react to the risk of noncompliance occurring at the MCO.

Recommendation: We recommend that the Department follow intended procedures to monitor and document the receipt, and review, of the audited financial reports.

Management's View: *The Department Agrees with this Finding.*

Corrective Action: *The division has signed an MOU with the Department of Insurance to review audited financial reports. The first reports will be sent to the Division of Insurance December 2025 with the exception of the Magellan report which will be sent to the Division of Insurance in January 2026 as they are finalizing their report currently.*

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

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINDING 2024-222

Four providers lacked documentation to support continued eligibility within the Medicaid program.

Type of Finding: Significant Deficiency, Noncompliance

Related to Prior Finding: 2023-223

AL Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program

AL Number: 93.777; 93.778

Federal Award Number: 2305ID5000; 2405ID5000; 2305ID5CAA; 2405ID5CAA; 2305ID50C3; 2305ID5MAP; 2305ID5ADM; 2405ID5MAP; 2405ID5ADM; NH23IP922633; NU51PS005169

Program Year: July 1, 2019 – June 30, 2025; May 1, 2021 – April 30, 2026; October 1, 2022 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: Department of Health and Human Services

Requirement: Special Tests and Provisions

Questioned Costs: Undetermined

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 42 CFR 455.412 states that the state Medicaid agency must:

- (a) Have a method for verifying that any provider purporting to be licensed in accordance with the laws of any state is licensed by such state.
- (b) Confirm that the provider's license has not expired, and that there are no current limitations on the provider's license.

In addition, the *Uniform Guidance* included in 42 CFR 455.414 states that the state Medicaid agency must re-validate the enrollment of all providers regardless of provider type at least every five years.

Condition: During testing, we identified 4 out of 60 providers (or 6.7 percent) that did not submit maintenance documents over 5 years. The specific maintenance documents that are required to be submitted depend on the type of provider. The Gainwell Provider Enrollment Specialist did not ensure that provider eligibility was properly maintained prior to updating the provider's eligibility in the MES.

Cause: Idaho Medicaid provider re-validation was scheduled to be completed in March 2025. The service organization, Gainwell Technologies, was unable to complete re-validation due to their own constraints. This is a known issue to the Department, and it anticipates completion of the provider re-validation by December 2025.

Effect: If providers are not properly validated every five years, they may be ineligible to participate in the Medicaid program and still receive payments for services.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Recommendation: We recommend that the Department strengthen internal controls to ensure provider validation is completed timely and in compliance with federal requirements. This may include providing for alternative procedures when a contractor does not perform agreed upon services.

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

Corrective Action: *Medicaid is currently under a Corrective Action Plan with CMS requiring all Managed Care providers to enroll with Medicaid. This project is currently underway. The initial date of completion of having all providers enroll was 12/31/2025. However, there were unforeseen system enrollment issues that delayed the project. The go live date is now April 1, 2026. Once all providers are enrolled Medicaid will audit provider rosters throughout the year to ensure those providers are in fact enrolled within Medicaid's system.*

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

FINDING 2024-223

The submission of a Child Care and Development Fund (CCDF) financial report used to support compliance with the Matching, Level of Effort (LOE), and Earmarking requirement was not completed timely.

Type of Finding: Significant Deficiency, Noncompliance

AL Title: Child Care and Development Block Grant; Child Care Mandatory and Matching Funds of the Child Care and Development Fund

AL Number: 93.575; 93.596

Federal Award Number: 2001IDCCDF; 2001IDCCC3; 2401IDCCDD; 2401IDCCDF; 2401IDCCDM

Program Year: October 1, 2019 – September 30, 2022; March 27, 2020 – September 30, 2023; October 1, 2023 – September 30, 2025; October 1, 2023 – September 30, 2026

Federal Agency: Department of Health and Human Services

Requirement: Matching, Level of Effort, Earmarking

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 45 CFR 98.65(g) states that Lead Agencies shall submit financial reports, in a manner specified by the Administration for Children and Families (ACF), quarterly for each fiscal year until funds are expended. Additionally, the Administration for Children and Families (ACF) Form ACF-696 (Financial Reporting Form for State and Territory Child Care and Development Fund (CCDF) Lead Agencies) states that this form must be submitted quarterly. These reports are due 30 days after the end of the quarter: Quarter 1 by October 31, Quarter 2 by April 30, Quarter 3 by July 31, and Quarter 4 by January 31.

Condition: The Department is required to complete a CCDF financial report, Form ACF-696 on a quarterly basis for each grant. Each report must be submitted within 30 days after the end of the applicable quarter. The final report for the quarter ended September 30, 2023, that included earmarking and level of effort amounts was submitted 1 month later, on November 30, and was signed off by the Department's financial executive officer about 5 months

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

after the deadline, on March 25, 2024. We did not note errors related to maintenance of effort and earmarking compliance requirements in the reports.

Cause: Staff turnover, insufficient training, and the implementation of Luma caused the Department's late submission of the required Form ACF-696 for the quarter ended September 30, 2023. The Department requested an extension from the ACF to complete necessary adjustments, but the request was denied.

Effect: Late submission of the report resulted in the Department's noncompliance with federal requirements. Additionally, the documentation of a review by the financial officer almost 4 months after submission calls into question how effective the review would be in detecting and correcting errors prior to submission.

Recommendation: We recommend that the Department strengthen internal controls to ensure the timely and reviewed submission of the CCDF financial report, Form ACF-696.

Management's View: *The Department Agrees with this Finding.*

Corrective Action: *The Department has seen an increased time commitment related to financial grant reporting since the implementation of Luma in July 2023. This was particularly relevant in SFY 2024 as Luma implementation, training and interfaces were still evolving, resulting in a tremendous increase in time commitments without the corresponding staff increases needed. In many cases, this resulted in late filings and/or filing reports that were not reviewed in sufficient detail. The Division of Financial Services continues to work through the inefficiencies encountered and design processes that include sufficient review and other internal controls while also allowing for timely completion of required reports. One FTE was transferred from another team to the Cash and Grants team. This position is expected to assist in completing preliminary tasks so that Grant Reporters have necessary data at their fingertips when drafting financial reports. As Department staff continue to learn nuances of the Luma system, both accuracy and timeliness of financial reporting is expected to improve.*

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

FINDING 2024-224

Some expenditures were misclassified on the Child Care and Development Fund (CCDF) financial report resulting in an overstatement of Child Care Administration expenditures and an understatement of Direct Services.

Type of Finding: Material Weakness, Material Noncompliance

AL Title: Child Care and Development Block Grant; Child Care Mandatory and Matching Funds of the Child Care and Development Fund

AL Number: 93.575; 93.596

Federal Award Number: 2001IDCCDF; 2001IDCCC3; 2401IDCCDD; 2401IDCCDF; 2401IDCCDM

Program Year: October 1, 2019 – September 30, 2022; March 27, 2020 – September 30, 2023; October 1, 2023 – September 30, 2025; October 1, 2023 – September 30, 2026

Federal Agency: Department of Health and Human Services

Requirement: Reporting

Questioned Costs: None

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

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 45 CFR 98.65(g) states that Lead Agencies shall submit financial reports, in a manner specified by ACF, quarterly for each fiscal year until funds are expended. Also, 45 CFR 98.54(a) states that not more than 5 percent of the aggregate funds expended by the Lead Agency from each fiscal year's allotment, including the amounts expended in the state pursuant to 45 CFR 98.55(b), shall be expended for administrative activities. Additionally, Form ACF-696 (Financial Reporting Form for State and Territory Child Care and Development Fund (CCDF) Lead Agencies) states that the CCDF program has a number of fiscal requirements associated with multiple funding streams that comprise the block grant. Form ACF-696 has separate columns for reporting expenditures from each of these component funding streams.

Condition: The Department is required to complete a CCDF financial report, Form ACF-696 on a quarterly basis for each grant. The Department compiles reports using quarterly supporting workpapers which are broken out by source, including the mandatory fund, the matching fund, and the discretionary fund.

We found 1 out of 4 Form ACF-696 tested (or 25 percent), in which the Department misclassified the expenditures included in the mandatory funds, reporting \$2,867,578 under the Child Care Administration line instead of Direct Services Line.

Cause: Staff turnover and the implementation of Luma contributed to the human error that caused the expenditure misclassification. In addition, the review of Form ACF-696 was not completed at a level sufficient to identify errors.

Effect: Expenditures in CCDF Direct Services included in mandatory funds were misclassified as Child Care Administration expenditures. With an incorrect amount being reported, the spending requirements applicable to the Child Care Administration expenditures were also not met.

Recommendation: We recommend that the Department strengthen internal controls over the compilation and submission of the CCDF financial report, Form ACF-696, to ensure the amounts are classified properly and accurately.

Management's View: *The Department Agrees with this Finding.*

Corrective Action: *The Department's Grant Reporting team has been developing additional internal controls to put in place with the utilization of the Luma ERP. Some of the controls include conducting reconciliations between internal workpapers and Luma records as well as reconciling to external parties such as the Payment Management System. The deeper reviews being performed during reconciliations are also highlighting areas where workpaper adjustments may be needed as some of the templates used may be outdated. We believe these increased focused efforts will alleviate issues like this in the future and are ongoing as the Department identifies opportunities for advancements in our own processes and working with SCO to implement better Luma reports and controls within the grant reconciliation process.*

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

FINDING 2024-225

Amounts reported as provided to subrecipients by financial services on the Schedule of Expenditures of Federal Assistance (SEFA) are not properly supported.

Type of Finding: Significant Deficiency, SEFA Misstatement

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Related to Prior Finding: 2023-208; 2022-211; 2021-206

AL Title: Special Supplemental Nutrition Program for Women, Infants, and Children; Temporary Assistance for Needy Families; Child Care and Development Block Grant; Child Care Mandatory and Matching Funds of the Child Care and Development Fund

AL Number: 10.557; 93.558; 93.575; 93.596

Federal Award Number: Various

Program Year: Various

Federal Agency: Department of Health and Human Services

Requirement: U.S. *Code of Federal Regulations* (CFR) 2 CFR 200.510(b)

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

Management objectives should include the preparation and fair presentation of the SEFA in relation to the basic financial statements as a whole and in compliance with requirements contained in 2 CFR 200.510(b), which states, in part, it must include:

- Total federal awards expended as determined in accordance with 2 CFR 200.502, and
- Total amount provided to subrecipients from each federal program (2 CFR 200.510(b)(4))

The Office of the State Controller (Office) requires agencies to complete the SEFA closing package and uses the reported information to compile the statewide SEFA.

Condition: Amounts reported on the SEFA closing package as expenditures to subrecipients did not agree to amounts provided by program staff to auditors for testing purposes. The following programs had discrepancies between what was reported on the SEFA closing package and what was retained by program personnel:

- An overstatement of \$4,503,700 for the Child Care and Development Block Grant (Assistance Listing Number (AL) 93.575)
- An overstatement of \$29,079 for the Child Care and Development Block Grant (AL 93.596)
- An understatement of \$1,014,475 for the Temporary Assistance for Needy Families (AL 93.558)
- An understatement of \$362,470 for the Special Supplemental Nutrition Program for Women, Infants, and Children (AL 10.557)

Cause: Contradicting information was provided by financial services personnel and program personnel related to expenditures to subrecipients reported on the Schedule of Expenditures of Federal Awards (SEFA) closing package for three major programs. A new statewide accounting system (Luma) was implemented in July 2023. The Office provided guidance to the Department on how to code expenditures to subrecipients, using specific account codes. According to financial services personnel, some expenditures to subrecipients were incorrectly coded causing incorrect amounts to be included on the SEFA. The Department has a review process in place for closing packages that is intended to detect and correct errors. However, the review of the fiscal year 2024 SEFA closing package was not completed at a level of detail sufficient to properly identify and correct errors.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

In addition, Department financial services personnel and program personnel are not communicating effectively to discover and resolve any discrepancies related to expenditures to subrecipients reported on the SEFA.

Effect: The amounts provided to subrecipients were misstated in the Department's SEFA closing package as detailed in the condition section above. The net overstatement is a combination of over and under statements that total \$3,155,834 in the Department's SEFA closing package.

Recommendation: We recommend that the Department improve the process of gathering information to prepare the SEFA closing package and review for accuracy at a level of detail sufficient to detect and correct errors in the SEFA closing package. In addition, we recommend that the Department improve training of program personnel regarding the proper coding of the expenditures to subrecipients.

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

Corrective Action: *For major grants, Financial Services staff will send a summary of transactions coded as subrecipient payments to the program manager to review prior to inclusion in the SEFA closing package. The review will be requested to be twofold: to ensure that everything that should be included as a subrecipient payment is and to ensure that nothing that should not be considered a subrecipient payment is included. This process helps to identify that we are reporting the accurate amount of expenditures for each subrecipient.*

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

FINDING 2024-226

The Bureau of Facility Standards within the Department failed to complete timely health and safety surveys for three long-term care facilities.

Type of Finding: Material Weakness, Material Noncompliance

AL Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program

AL Number: 93.777; 93.778

Federal Award Number: 2305ID5000; 2405ID5000; 2305ID5CAA; 2405ID5CAA; 2305ID50C3; 2305ID5MAP; 2305ID5ADM; 2405ID5MAP; 2405ID5ADM; NH23IP922633; NU51PS005169

Program Year: July 1, 2019 – June 30, 2025; May 1, 2021 – April 30, 2026; October 1, 2022 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: Department of Health and Human Services

Requirement: Special Tests and Provisions

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 42 CFR 488.330(a)(i) states that the survey agency surveys all facilities for compliance or noncompliance with requirements for long-term care facilities. Also, 42 CFR 488.308(a) states that

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

the survey agency must conduct a survey of each nursing facility not later than 15 months after the last day of the previous survey. Additionally, 42 CFR 488.308(b) states that the statewide average interval between standard surveys must be 12 months.

The Centers for Medicare and Medicaid Services (CMS) provided the QSO-22-02-ALL memo on November 12, 2021, which stated that as of November 2021, the Bureau of Facility Standards (Bureau) should be able to resume re-certification surveys on a regular basis and should do so by establishing new intervals based on each facility's next survey, not based on the last survey that was conducted prior to the COVID-19 Public Health Emergency (PHE).

Condition: The Bureau is required to conduct unannounced standard re-certification surveys, which provide a comprehensive review of the quality of care furnished in a facility. For long-term care facilities, these recertification surveys must be conducted no later than 15 months after the previous recertification survey with a statewide average interval of 12 months or less.

We identified 3 out of 18 providers tested (or 16.6 percent) that did not have a survey completed within 15 months of the previous survey as required. The timing of the re-certification surveys was 27 months, 42 months, and 38 months, respectively. Collectively, the timing of the re-certification surveys caused the Department to be noncompliant with the statewide average interval of 12 months or less requirement as well.

Cause: The Bureau experienced staffing shortages that delayed survey completions. The Bureau also stated that they followed the guidance provided by CMS QSO-22-02-ALL memo by prioritizing facility recertification surveys for facilities that had a history of noncompliance or allegations of noncompliance.

Effect: Delays in the completion of health and safety surveys increases the risk of inadequate care for Medicaid recipients and that Medicaid providers are not complying with health and safety standards. In addition, ineligible providers could be receiving federal funds.

Recommendation: We recommend that the Department ensure that surveys required are conducted not later than 15 months after the last day of the previous survey and ensure that the statewide average interval between standard surveys must be 12 months.

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

Corrective Action: *During SFY24, Bureau of Facility Standards (BFS) was still coming out of the COVID response for recertification time frames and actively recruiting new health facility surveyors to ensure proper multidisciplinary teams were available to complete the overdue surveys. BFS also contracted with Healthcare Management Solutions, LLC. to supplement overdue recertification surveys. On October 3, 2025, during the government shutdown, we were able to complete the final overdue surveys to be compliant with 15.9 months between surveys. Due to the government shutdown, CMS paused recertification surveys for nursing facilities. This may restrict our ability to maintain the required recertification timeline of 15.9 months. We have recruited and maintained staffing posture but are still actively recruiting to round out of staffing to meet the statutory timelines.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. We appreciate the Department's efforts to reduce the time between required surveys to 15.9 months; however, the U.S. Code of Federal Regulations Title 42 Section 488.308(a) requires the survey agency to conduct a survey of each nursing facility not later than 15 months after the last day of the previous survey. Based on our interpretation of the very specific language in the requirement that the reviews be completed not later than 15 months after the last day of the previous survey, we assert that the Department was not compliant with the requirement during the audit period and still not compliant as of October 2025.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINDING 2024-227

The review and approval of the annual updates to the Low-Income Home Energy Assistance Program (LIHEAP) benefits matrix were not documented.

Type of Finding: Material Weakness

Related to Prior Finding: 2023-211

AL Title: Low-Income Home Energy Assistance

AL Number: 93.568

Federal Award Number: 2101IDLWC6; 2201IDLIEA; 2301IDLIEA; 2301IDLIEE; 2301IDLIEI

Program Year: May 28, 2021 – March 31, 2024; October 1, 2021 – September 30, 2023; October 1, 2022 – September 30, 2024

Federal Agency: Department of Health and Human Services

Requirement: Eligibility

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

Condition: The LIHEAP program staff utilizes software to determine eligibility and benefit amounts for applicants based on energy burden and qualifying factors. There is a benefits matrix within the software, which is updated annually.

Each year, the Department's LIHEAP program staff update the benefits matrix with any required changes. The review and approval of the changes were completed by program staff, who met in-person and completed testing scenarios to verify the accuracy of the information. After the test results were reviewed and no errors identified, the matrix information was uploaded into software production. Verbal confirmation was provided to the program manager.

The review and approval of the changes to the benefits matrix were not documented during fiscal year 2024. The documented review and approval procedures were implemented in February 2025.

Cause: The Department did not consider that documentation to support the review and approval of the updates to the benefits matrix was necessary during fiscal year 2024.

Effect: We did not identify errors in the 60 approved and 60 denied eligibility determinations that were reviewed. However, without a documented review, there is an increased risk of errors in the benefits matrix.

Recommendation: We recommend that the Department maintain sufficient documentation to support the review and approval of the updates to the benefits matrix.

Management's View: *The Department Agrees with this Finding.*

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Corrective Action: *A process was developed that includes obtaining and documenting approval by the Bureau Chief. This process was shared with LSO following receipt of the FY23 review findings. Supporting documents can be provided again as needed.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. The corrective action referenced was not completed, by the Department's own admission, until March 6, 2025, which would have been significantly after the fiscal year 2023 issuance of the *Single Audit Report*, and also would have left fiscal year 2024 and most of fiscal year 2025 without proper internal controls in place. Without an appropriate control in place the Department continued to risk errors in the matrix going undetected and uncorrected until March 2025.

FINDING 2024-228

The review of the Low-Income Home Energy Assistance Program (LIHEAP) earmarking compliance requirements was not documented.

Type of Finding: Material Weakness

Related to Prior Finding: 2023-212

AL Title: Low-Income Home Energy Assistance

AL Number: 93.568

Federal Award Number: 2101IDLIE4; 2201IDLIE4; 2301IDLIEE; 2401IDLIEA; 2401IDLIEI

Program Year: October 1, 2020 – September 30, 2022; October 1, 2021 – September 30, 2023; October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2025

Federal Agency: Department of Health and Human Services

Requirement: Matching, Level of Effort, Earmarking

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

Condition: The LIHEAP requires earmarking, which limits the percentage of grant funds that can be spent on administration, weatherization, and leveraging programs. The monitoring of LIHEAP earmarking requirements was completed by the program manager on a spreadsheet that tracked expenditures and appropriate limitations to ensure compliance was met.

There was no documented review for accuracy nor approval of the tracking spreadsheet during fiscal year 2024. The documented review and approval procedures were implemented in February 2025.

Cause: The Department did not consider that documentation to support the review and approval of the earmarking tracking spreadsheet was necessary to ensure accuracy and compliance during fiscal year 2024.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Effect: We did not identify any errors in compliance with earmarking requirements during completion of audit procedures, but the lack of a documented review increases the risk of errors occurring and going undetected.

Recommendation: We recommend that the Department maintain sufficient documentation to support the review and approval of the earmarking tracking spreadsheet.

Management's View: *The Department Agrees with this Finding.*

Corrective Action: *A process was developed that includes obtaining and documenting approval by the Bureau Chief. This process was shared with LSO following receipt of the FY23 review findings. Supporting documents can be provided again as needed.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. The corrective action referenced above was not completed, by the Department's own admission, until March 25, 2025, which would have been significantly after the fiscal year 2023 issuance of the *Single Audit Report* and also would have left fiscal year 2024 and most of fiscal year 2025 without proper internal controls in place. Without an appropriate control in place, the Department continued to risk errors in the spreadsheet going undetected and uncorrected until March 2025, which could lead to noncompliance with earmarking requirements.

FINDING 2024-229

Low-Income Home Energy Assistance Program (LIHEAP) special reports did not include a review for accuracy and compliance prior to submission.

Type of Finding: Material Weakness

Related to Prior Finding: 2023-210

AL Title: Low-Income Home Energy Assistance

AL Number: 93.568

Federal Award Number: 2101IDLIE4; 2201IDLIE4; 2301IDLIEE; 2401IDLIEA; 2401IDLIEI

Program Year: October 1, 2020 – September 30, 2022; October 1, 2021 – September 30, 2023; October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2025

Federal Agency: Department of Health and Human Services

Requirement: Reporting

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

Condition: During fiscal year 2024, the Department was required to submit 6 LIHEAP special reports to the Federal Government. The Department's LIHEAP program manager compiled the program special reports. The reports are submitted by the same program manager to the Office of Community Services. The reviews and approvals for 2 out of 6 program special reports tested (or 33 percent) were not documented.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The LIHEAP program manager indicated that there were no documented review and approval of the program special reports between July 2023 and January 2024 for fiscal year 2024. Review and approval procedures were designed in April 2024 and implemented in February 2025.

Cause: The Department staff indicated that there was no official approval process as reports are submitted online and the data source was either collaborated or provided by internal sources and verified during fiscal year 2024. The Department did not consider that documentation to support the review and approval of these reports was necessary to ensure accuracy and compliance with reporting requirements.

Effect: We did not identify any errors in the LIHEAP special reports. However, without a documented internal control, there is an increased risk of errors occurring and going undetected.

Recommendation: We recommend that the Department maintain sufficient documentation to support the completion of a review for accuracy and compliance of required LIHEAP special reports prior to submission.

Management's View: *The Department Agrees with this Finding.*

Corrective Action: *A process was developed that includes obtaining and documenting approval by the Bureau Chief. This process was shared with LSO following receipt of the FY23 review findings. Supporting documents can be provided again as needed.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. We would like to clarify that while the Department has indicated that review and approval procedures were developed in April 2024, the program manager stated that they were not implemented until February 2025, which is outside of our audit period. As a result, the Department was at risk for errors occurring and going undetected and uncorrected during fiscal year 2024.

FINDING 2024-230

The Department did not provide documented support to verify the accuracy of a Low-Income Home Energy Assistance (LIHEAP) performance report.

Type of Finding: Significant Deficiency, Noncompliance

AL Title: Low-Income Home Energy Assistance

AL Number: 93.568

Federal Award Number: 2101IDLIE4; 2201IDLIE4; 2301IDLIEE; 2401IDLIEA; 2401IDLIEI

Program Year: October 1, 2020 – September 30, 2022; October 1, 2021 – September 30, 2023; October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2025

Federal Agency: Department of Health and Human Services

Requirement: Reporting

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The *Uniform Guidance* included in 2 CFR 200.302(b)(3) states that the recipient's financial management system must maintain records that sufficiently identify the amount, source, and expenditure of federal funds for federal awards. These records must contain information necessary to identify federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.

Condition: During fiscal year 2024, the Department was required to submit one LIHEAP performance report to the Federal Government. The Department's LIHEAP program manager compiled and submitted the report to the Office of Community Services. The Department was unable to provide the supporting documentation to confirm the accuracy of the information included in the report.

Cause: The Department did not design and implement an internal control to ensure that sufficient documentation was maintained to support the accuracy of the required report.

Effect: Without documented support for the LIHEAP performance report, there is an increased risk of errors occurring and going undetected.

Recommendation: We recommend that the Department maintain sufficient documentation to support information in LIHEAP performance reports.

Management's View: *The Department Agrees with this Finding.*

Corrective Action: *A process was developed that includes obtaining and documenting approval by the Bureau Chief. This process was shared with LSO following receipt of the FY23 review findings. Supporting documents can be provided again as needed.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. The corrective action referenced above was not completed, by the Department's own admission, until March 25, 2025, which would have been significantly after the fiscal year 2023 issuance of the *Single Audit Report* and also would have left fiscal year 2024 and most of fiscal year 2025 without proper internal controls in place. Without an appropriate control in place the Department continued to risk errors in the report going undetected and uncorrected until March 2025 which could lead to noncompliance.

FINDING 2024-231

Supporting documentation for subrecipient risk assessments for the Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises program was not available for review.

Type of Finding: Significant Deficiency, Noncompliance

Related to Prior Finding: 2023-222

AL Title: Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises

AL Number: 93.391

Federal Award Number: 1 NH75OT000105-01-00; 6 NH75OT000105-01-00

Program Year: June 1, 2021 – May 31, 2024

Federal Agency: Department of Health and Human Services

Requirement: Subrecipient Monitoring

Questioned Costs: None

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 2 CFR 200.332(b) states that all pass-through entities must evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Additionally, 2 CFR 200.332(c)(2) states that all pass-through entities must evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine the appropriate subrecipient monitoring described in paragraph (f) of this section. When evaluating a subrecipient's risk, a pass-through entity should consider the results of previous audits. This includes considering whether the subrecipient receives a Single Audit in accordance with 2 CFR 200 subpart F and the extent to which the same or similar subawards have been audited as a major program.

Condition: The Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises program had a total of 6 subrecipients during fiscal year 2024. During testing, the Department was unable to provide a subrecipient risk assessment for 2 out of 6 subrecipients tested (or 33 percent). In the risk assessment, the Department documents the need for a subrecipient to have a Single Audit, if necessary, and the Department's review of required subrecipient Single Audits. The Department was compliant with all other aspects of the subrecipient monitoring compliance requirements for the subrecipients.

Cause: Staff turnover led to the documentation creation and retention shortcomings as new staff were being trained and onboarded when risk assessments should have been completed and documented, including Single Audit requirements.

Effect: The Department is exposed to increased risk of noncompliance related to subrecipients and improper payments in the STLT Health Department Response to Public Health or Healthcare Crises program.

Recommendation: We recommend that the Department strengthen internal controls to ensure required risk assessments are completed and supporting documentation is retained.

Management's View: *The Department Agrees with this Finding.*

Corrective Action: *The Division of Public Health updates its standard operating procedures annually and communicates updates to staff. The DPH Federal Compliance Officer is conducting monthly trainings to cover all required steps in the process and will begin conducting mini audits in calendar year 2026 to ensure all steps are being followed consistently.*

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

FINDING 2024-232

An incorrect Federal Medical Assistance Percentage (FMAP) rate was applied while calculating the federal and state share of expenditures for the Child Care and Development Fund (CCDF) financial report resulting in an understatement of \$1,064,932 of the federal share of costs.

Type of Finding: Significant Deficiency, Noncompliance

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

AL Title: Child Care and Development Block Grant; Child Care Mandatory and Matching Funds of the Child Care and Development Fund

AL Number: 93.575; 93.596

Federal Award Number: 2001IDCCDF; 2001IDCCC3; 2401IDCCDD; 2401IDCCDF; 2401IDCCDM

Program Year: October 1, 2019 – September 30, 2022; March 27, 2020 – September 30, 2023; October 1, 2023 – September 30, 2025; October 1, 2023 – September 30, 2026

Federal Agency: Department of Health and Human Services

Requirement: Matching, Level of Effort, Earmarking

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 42 CFR 98.55(a) states that federal matching funds are available for expenditures in a state based upon the formula specified in 42 CFR 98.63(a). Also, 42 CFR 98.55 (b) states that expenditures in a state under paragraph (a) of this section will be matched at the federal medical assistance rate for the applicable fiscal year for allowable activities, as described in the approved State Plan, that meet the goals and purposes of the Act. Additionally, 42 CFR Section 98.55 (c) states that in order to receive federal matching funds for a fiscal year under paragraph (a) of this section:

- (1) States shall also expend an amount of non-Federal funds for child care activities in the State that is at least equal to the State's share of expenditures for fiscal year 1994 or 1995 (whichever is greater) under sections 402(g) and (i) of the Social Security Act as these sections were in effect before October 1, 1995; and
- (2) The expenditures shall be for allowable services or activities, as described in the approved State Plan if appropriate, that meet the goals and purposes of the Act.
- (3) All Mandatory Funds are obligated in accordance with Section 98.60(d)(2)(i).

Condition: The Department is required to complete a CCDF financial report, Form ACF-696, on a quarterly basis for each grant. We found that 1 out of 4 CCDF financial reports tested (or 25 percent), had an incorrect FMAP rate applied while calculating the federal and State share of expenditures, understating federal funds by \$1,064,932.

Cause: Staff turnover, insufficient training, and the implementation of Luma caused an incorrect FMAP rate to be applied while calculating the federal and state share of expenditures on the CCDF financial report. In addition, the review procedures were not completed at a level sufficient to identify an error.

Effect: An incorrect FMAP rate was applied causing federal funds to be understated by \$1,064,932.

Recommendation: We recommend that the Department strengthen internal controls over the application of FMAP rates and review the reports at a level sufficient to identify errors.

Management's View: *The Department Agrees with this Finding.*

Corrective Action: *The Department's Grant Reporting team has been developing additional internal controls to put in place with the utilization of the Luma ERP. These controls include conducting reconciliations between*

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

internal workpapers and Luma records as well as reconciling to external parties such as the Payment Management System. This has streamlined our approach and has allowed management more opportunity to review items with higher risk factors, such as the quarterly change in FMAP rates during the stepdown from enhanced FMAP rates during COVID. We believe these increased focused efforts will alleviate issues like this in the future and are ongoing as the Department identifies opportunities for advancements in our own processes and working with SCO to implement better Luma reports and controls within the grant reconciliation process.

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

FINDING 2024-233

The submission of Child Care and Development Fund (CCDF) financial report was not completed timely.

Type of Finding: Significant Deficiency, Noncompliance

AL Title: Child Care and Development Block Grant; Child Care Mandatory and Matching Funds of the Child Care and Development Fund

AL Number: 93.575; 93.596

Federal Award Number: 2001IDCCDF; 2001IDCCC3; 2401IDCCDD; 2401IDCCDF; 2401IDCCDM

Program Year: October 1, 2019 – September 30, 2022; March 27, 2020 – September 30, 2023; October 1, 2023 – September 30, 2025; October 1, 2023 – September 30, 2026

Federal Agency: Department of Health and Human Services

Requirement: Reporting

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

The *Uniform Guidance* included in 45 CFR 98.65(g) states that Lead Agencies shall submit financial reports, in a manner specified by the ACF, quarterly for each fiscal year until funds are expended. Additionally, Form ACF-696 (Financial Reporting Form for State and Territory Child Care and Development Fund (CCDF) Lead Agencies) states that this form must be submitted quarterly, reports are due 30 days after the end of the quarter: Quarter 1 by October 31, Quarter 2 by April 30, Quarter 3 by July 31, and Quarter 4 by January 31.

Condition: The Department is required to complete a CCDF financial report, Form ACF-696, on a quarterly basis for each grant. Each report must be submitted within 30 days after the end of the applicable quarter. We found 1 out of 4 ACF-696 tested (or 25 percent) was submitted 2 months after the due date. The report for the quarter ended September 30, 2023, was submitted in January 2024. No other compliance or substantive errors were noted related to the report submission.

Cause: Staff turnover, insufficient training, and the implementation of Luma caused the Department's late submission of the required Form ACF-696 for the quarter ended September 30, 2023. The Department requested an extension from the ACF to complete necessary adjustments, but the request was denied.

Effect: Late submission of the report resulted in the Department's noncompliance with federal requirements.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Recommendation: We recommend that the Department strengthen internal controls to ensure the timely submission of the CCDF financial report, Form ACF-696.

Management's View: *The Department Agrees with this Finding.*

Corrective Action: *The Department has seen an increased time commitment related to financial grant reporting since the implementation of Luma in July 2023. This was particularly relevant in SFY 2024 as Luma implementation, training and interfaces were still evolving, resulting in a tremendous increase in time commitments without the corresponding staff increases needed. In many cases, this resulted in late filings and/or filing reports that were not reviewed in sufficient detail. The Division of Financial Services continues to work through the inefficiencies encountered and design processes that include sufficient review and other internal controls while also allowing for timely completion of required reports. One FTE was transferred from another team to the Cash and Grants team. This position is expected to assist in completing preliminary tasks so that Grant Reporters have necessary data at their fingertips when drafting financial reports. As Department staff continue to learn nuances of the Luma system, both accuracy and timeliness of financial reporting is expected to improve.*

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

FINDING 2024-234

Payroll adjustments lacked sufficient internal controls.

Type of Finding: Significant Deficiency

AL Title: Immunization Cooperative Agreements, Temporary Assistance for Needy Families, Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund, State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program

AL Number: 93.268; 93.558; 93.575; 93.596, 93.777; 93.778

Federal Award Number: Various

Program Year: Various

Federal Agency: Department of Health and Human Services

Requirement: Activities Allowed or Unallowed; Allowable Costs/Costs Principles

Questioned Costs: None

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

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 approvals, authorizations, verifications, reconciliations, and segregation of duties.

Condition: The State implemented a new Enterprise Resource Planning system, Luma, in July 2023. Due to the implementation, and insufficient experience, some transactions were entered incorrectly into Luma. Necessary adjustments were completed by both the Department and the Office. We noted 21 out of 42 payroll adjustments tested (or 50 percent) that were not properly reviewed and approved, and of those 21 noted payroll adjustments, 4 were completed by the Office, and 17 were completed by the Department. Additionally, of those 21 noted payroll adjustments, 6 were completed by the Department and had the same personnel submitting, approving, and releasing the adjustment. The remaining 15 payroll adjustments had no documented review and approval information.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Cause: The majority of the noted deviations were processed in the beginning of fiscal year 2024. According to the Department's personnel, the reviews of payroll adjustments were not consistently documented following the implementation of Luma. The significant number of adjustments processed and time constraints were provided as the reason the Department had the same personnel submit, approve, and release the adjustments.

In addition, according to Office personnel, multiple adjustments were processed due to a statewide correction to the benefit coding in the beginning of fiscal year 2024. An incorrect account was used to record benefits. This correction was reviewed by the Department's payroll team and followed the financial payroll correction process. However, there was no documentation of the review process.

Effect: We did not identify any substantive or compliance errors during testing over payroll adjustments. However, without documentation of a review and approval, there is an increased risk of errors occurring and going undetected.

Recommendation: We recommend that the Department consistently maintain documentation of implemented review and approval procedures over payroll adjustments. We further recommend that the Department request that it be provided appropriate documentation of any adjustments made by the Office on its behalf.

Management's View: *The Department Agrees with this Finding.*

Corrective Action: *The department has established internal controls to ensure appropriate separation of duties and proper documentation of all reviews. When an accounting adjustment is required, staff prepare the adjustment using either an Infor Spreadsheet Designer (ISD) template or an Excel template.*

ISD is used for adjustments involving large volumes of data. Because ISD-generated adjustments cannot be reviewed within the system after entry, the completed template is sent to a Financial Specialist Principal (or higher) for review prior to upload. Email approval is obtained and attached to the adjustment record when it is entered into the system.

For adjustments involving smaller amounts of data, staff use the Excel template. The Excel template, original GL lines, supporting documentation, and any other relevant information are attached when the adjustment is entered. After the manual adjustment is submitted, it is automatically routed to a Financial Specialist Principal (or higher) for approval before final posting.

These procedures ensure that all adjustments undergo an independent review and that documentation is consistently maintained.

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

DEPARTMENT OF LABOR (Department)

FINDING 2024-235

Quarterly financial reports for the Social Security Disability (DI) grant were submitted after the required deadline.

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Social Security Disability Insurance

Assistance Listing Number: 96.001

Federal Award Number: 23-04IDD100; 24-04IDD100

Program Year: October 1, 2022 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: Social Security Administration

Compliance Requirement: Reporting

Questioned Costs: None

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

The Social Security Administration (SSA) oversees the administration of the DI program with comprehensive guidance provided in the Program Operations Manual System (POMS). At the end of each quarter, the State Disability Determination Services (DDS) submits a Form SSA-4513, State Agency Report of Obligations for SSA Disability Programs, to account for program disbursements and obligations, and a Form SSA-4514, Time Report of Personnel Services for Disability Determination Services, to account for employee time. The State DDS is required to submit the forms to the designated SSA regional office, which, pursuant to POMS sections DI 39506.202 and DI 39506.230, is responsible for setting the submission deadlines for quarterly reports. The State's designated regional office has mandated a deadline of thirty days following the conclusion of each fiscal quarter.

Condition: The Department submitted four reports during our audit period. We selected a sample of 2 quarterly reports, each including forms SSA-4513 and SSA-4514, to test for compliance and internal controls. The Department has a control procedure in place for the reports to be reviewed by a qualified person prior to submission. Our testing found that reports were submitted 17 and 23 days after the established deadline set by SSA's regional office. However, no substantive errors were identified in our testing, and we confirmed that the internal control procedure for accuracy was operating as designed.

Cause: Reports were submitted late due to delays in obtaining the payroll data needed to comply with the U.S. Department of Labor's modified accrual-based grant reporting requirements. Payroll is processed biweekly for the prior timesheet period, creating a delay in the availability of the previous month's data. In prior years, the Department estimated payroll costs, which led to inaccuracies in federal quarterly reports. Although adjustments were made in the following quarter, they did not align with the actual payroll reporting periods. With the implementation of the State's current accounting system (Luma), the Department prioritized using actual payroll data to improve accuracy, even if it resulted in late report submissions.

Effect: Late report submissions may hinder timely oversight by the federal regulator and delay identification of potential financial or compliance issues.

Recommendation: We recommend that the Department consider additional methods to ensure timely submission of reports.

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

Prior to Luma go-live, our legacy cost accounting system was programmed to accrue payroll monthly by grant. The process was programmed into our system to provide estimated payroll earlier than when it paid out in the state system, meaning cost accounting could close the period on a timeline that allowed our reporting staff to file our quarterly federal reports before their due date. Our legacy process then called for a quarterly true-up in the subsequent quarter of our internal cost accounting system to the state system (STARS). This lag between the accrual and the true-up meant that expenses were not fully accounted for or reported in the quarter in which they were incurred.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

In Luma, complete accrued monthly payroll data is not available until the final payroll for the prior month pays out. There is no mechanism for us to estimate payroll to close the month early like we did in legacy. Because of the timing of the bi-weekly payrolls, there are some months when the final payroll for the quarter does not pay out in Luma until close to the due date for some of our quarterly federal reports. Once that payroll is posted in Luma, it currently takes approximately 10 days to do final entries for the month and then close the period. Many of our federal reports are not due until 45 days after the end of the quarter. Since Luma go-live we have made significant process improvements that now allow us to close the period and file those reports in time. For a couple of our grants, the federal report's due date is 30 days after the end of the month. Filing those reports within the 30-day filing window has been very challenging due to the lag in payroll and closing described above. The DDS program is one such program where the federal report is due 30 days from the end of the quarter.

Corrective Action: *The department is taking several steps to provide for a faster month-end close:*

Step 1: Process Mapping of Cost Accounting Closing

- a. As part of our strategic planning initiative, document the new closing process in Luma through process maps*
- b. Review process maps internally in accounting and with executive leadership to help identify areas where efficiencies could be achieved*
- c. Implement identified areas of efficiency*

Step 2: Assess potential for expedited close on quarter-end months

- a. Cost Accounting manager, supervisor and financial executive officer to review calendar and timing of payroll for quarter-end closings*
- b. Cost Accounting manager, supervisor, and financial executive officer to develop plans for expedited close with potential for overtime, pulling additional resources from other teams and any other options that may help shorten the close period to allow us to file quarterly federal reports timely.*

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

FINDING 2024-236

The review and approval of quarterly special reports for the Unemployment Insurance (UI) program were not consistently documented, and the reports were submitted after the required deadline.

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Unemployment Insurance

Assistance Listing Number: 17.225

Federal Award Number: 24A55UI000030-01; 23A03UI039319-01; UI-35645-21-55-A-16; 23A55UI034712-01

Program Year: October 1, 2023 – December 31, 2026; October 1, 2022 – December 31, 2025; October 1, 2020 – December 31, 2023; April 1, 2020 – June 30, 2024

Federal Agency: U.S. Department of Labor

Compliance Requirement: Reporting

Questioned Costs: None

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

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

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The Quarterly UI Above-Base (UI-3) report requires information on staff years worked and paid by program category. The reports are due within 30 days after the end of the reporting quarter as required by the U.S. Department of Labor, per the Employment and Training (ET) Handbook No. 336, Unemployment Insurance State Quality Service Plan Planning and Reporting Guidelines.

Condition: We tested all 4 UI-3 quarterly reports that were due during our audit period. Our evaluation determined that 3 out of the 4 reports were submitted after the established deadline. Only the first quarterly report, covering the period ending June 30, 2023, and prepared using the State's prior accounting system (STARS), was submitted by the deadline. The 3 subsequent quarterly reports, prepared after the State's transition to Luma, were submitted 13, 31, and 35 days late. The Department has a control procedure in place for the reports to be reviewed by a qualified person prior to submission. Our testing found that 1 of the 4 quarterly reports was missing documented approval, typically retained via e-mail.

Cause: Reports were submitted late due to delays in obtaining the payroll data needed to comply with the U.S. Department of Labor's modified accrual-based grant reporting requirements. Payroll is processed biweekly for the prior timesheet period, creating a delay before the previous month's data is available. In prior years, the Department estimated payroll costs, which led to inaccuracies in federal quarterly reports. Although adjustments were made in the following quarter, they did not align with the actual payroll reporting periods. With the implementation of Luma, the Department prioritized using actual payroll data to improve accuracy, even if it resulted in late report submissions. The Department was in the process of updating their reporting procedures and did not require documentation of the controls to be retained at the time.

Effect: Without a documented review, there is an increased risk that the reports contain inaccurate data. Further, late report submissions may hinder timely oversight by the federal regulator and delay identification of potential financial or compliance issues.

Recommendation: We recommend that the Department design and implement internal controls to ensure reports are submitted on time and sufficient documentation is maintained to support the completion of a review for accuracy and compliance.

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

During the period in question, our federal reporting team was in the process of transitioning reporting duties from the financial specialist principal over reporting to the financial specialist senior over reporting. During the training process, one report was completed and reviewed in tandem as part of the training process and no paper trail was retained to document that the report had been properly reviewed by the financial specialist principal. Once the handoff of the task was completed, subsequent reports were prepared by the financial specialist senior and then queued to the principal for review, and the paper trail was properly captured and retained.

Prior to Luma go-live, our legacy cost accounting system was programmed to accrue payroll monthly by grant. The process was programmed into our system to provide estimated payroll earlier than when it paid out in the state system, meaning cost accounting could close the period on a timeline that allowed our reporting staff to file our quarterly federal reports before their due date. Our legacy process then called for a quarterly true-up in the subsequent quarter of our internal cost accounting system to the state system (STARS). This lag between the accrual and the true-up meant that expenses were not fully accounted for or reported in the quarter in which they were incurred.

In Luma, complete accrued monthly payroll data is not available until the final payroll for the prior month pays out. There is no mechanism for us to estimate payroll in order to close the month early like we did in legacy. Because of the timing of the bi-weekly payrolls, there are some months when the final payroll for the quarter does not pay out in Luma until close to the due date for some of our quarterly federal reports. Once that payroll is posted in Luma, it currently takes approximately 10 days to do final entries for the month and then close the period. Many of

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

our federal reports are not due until 45 days after the end of the quarter. Since Luma go-live we have made significant process improvements that now allow us to close the period and file those reports in time. For a couple of our grants, the federal report's due date is 30 days after the end of the month. Filing those reports within the 30-day filing window has been very challenging due to the lag in payroll and closing. The UI program is one such program where the UI-3 report is due 30 days from the end of the quarter.

Corrective Action: *The department has taken measures to ensure proper documentation of the review process:*

Step 1: Provide a designated place on the UI-3 back-up documentation and quarterly report work papers for reviewer to sign off directly in the work papers.

Step 2: The individual who enters the report into the federal system will not proceed with entering the report into the system unless the workpapers have the review and approval in the workpapers.

The department is taking several steps to provide for a faster month-end close:

Step 3: Process Mapping of Cost Accounting Closing

a. As part of our strategic planning initiative, document the new closing process in Luma through process maps

b. Review process maps internally in accounting and with executive leadership to help identify areas where efficiencies could be achieved

c. Implement identified areas of efficiency

Step 4: Assess potential for expedited close on quarter-end months

a. Cost Accounting manager, supervisor and financial executive officer to review calendar and timing of payroll for quarter-end closings

b. Cost Accounting manager, supervisor, and financial executive officer to develop plans for expedited close with potential for overtime, pulling additional resources from other teams and any other options that may help shorten the close period to allow us to file quarterly federal reports timely.

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

DIVISION OF VOCATIONAL REHABILITATION (Division)

FINDING 2024-237

The Division could not provide supporting documentation for amounts included on the Rehabilitation Services Administration (RSA) reports required under the Rehabilitation Services-Vocational Rehabilitation Grants to States.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A240016; H126A220016; H126A210016

Program Year: October 1, 2020 – September 30, 2022; October 1, 2021 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: Reporting

Questioned Costs: \$1,445,110 Known

Criteria: The *Internal Control Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure management directives are carried out throughout the operation. Verifications, approvals, and authorizations are all control activities that support this objective. The U.S. *Code of Federal Regulations* (CFR), 2 CFR 200.303, states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Section CFR 200.302 – Financial Management states that federal award recipient’s financial management system must identify all federal awards received and expended and the federal programs under which they were received. Additionally, they must maintain records that sufficiently identify the amount, source, and expenditure of federal funds for federal awards. These records must contain information necessary to identify federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.

Condition: The RSA requires the Division to submit financial reports (RSA-17) every 6 months. The reports are cumulative and cover the entire grant period through to the end of the reporting period. Reporting periods end on March 31 and September 30. If the reporting period is the final report for the grant, the report is due 120 days after the close of the period. All other reports are due 30 days after the close of the period.

Grants are issued for an initial 12-month period. If State match requirements are met within the initial period, recipients qualify for an additional 12-month carryover period to spend any unobligated federal funds. Including the carryover period, the federal fiscal year 2024 grant period is October 1, 2023, through September 30, 2025.

In State fiscal year 2024, there were 3 grants open – federal fiscal years 2022, 2023, and 2024. The Division was required to submit 4 reports for these grants. We compared the federal expenditure amounts reported for the grant in total and for the Pre-Employment Transition Services (Pre-ETS) to the amounts in Luma and found errors in all 4 as follows:

Total Expenditures

Grant Year	Report Period End	RSA-17 Amount	Luma Amount	Difference
Federal Fiscal Year 2022	9/30/23	\$14,601,067	\$13,941,207	\$659,860
Federal Fiscal Year 2023	9/30/23	\$7,633,338	\$7,465,827	\$167,511
Federal Fiscal Year 2023	3/31/24	\$16,823,595	\$16,661,795	\$161,800
Federal Fiscal Year 2024	3/31/24	\$2,007,420	\$2,077,874	\$(70,454)
			TOTAL	\$918,717

Pre-ETS

Grant Year	Report Period End	RSA-17 Amount	Luma Amount	Difference
Federal Fiscal Year 2022	9/30/23	\$2,579,855	\$2,991,527	\$(411,672)
Federal Fiscal Year 2023	9/30/23	\$3,083,866	\$2,869,311	\$214,555
Federal Fiscal Year 2023	3/31/24	\$5,596,382	\$5,005,941	\$590,441
Federal Fiscal Year 2024	3/31/24	\$211,681	\$78,612	\$133,069
			TOTAL	\$526,393

Cause: Reports were prepared by former employees, and the current personnel could not determine why the reported amounts did not match Luma. Further, supporting documentation was not retained by the Division, which might have provided insight into the differences.

Effect: The RSA uses the RSA-17 reports to determine compliance with federal statutes, regulations, and the terms and conditions of the federal award. Incorrect reporting can affect both the ability to cover current obligations and the amount of future federal grant awards received by the State of Idaho. We are questioning the amount that Division cannot support for reported total expenditures and pre-ETS expenditures of \$918,717 and \$526,393, respectively.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Recommendation: We recommend that the Division design and implement procedures to ensure accurate federal grant reporting and retain appropriate documentation to support the amounts reported. We also recommend that the Division review prior submissions, identify correct reporting, and communicate with the federal grantor about resubmitting corrected reports.

Management's View: *The issues uncovered during the single audit are in alignment with challenges and weaknesses uncovered over the last 17 months. As such, we are in agreement with the seven identified findings specified in the Management letter. The Division will ensure the accuracy, reliability, and sufficient supporting documentation of financial data pulled from the state accounting system of record (LUMA) that is reported on all RSA-17 reports by implementing effective internal controls, verification procedures, and record retention practices in compliance with 2 CFR 200.302 and 2 CFR 200.303.*

Corrective Action: *1.1 Establish Accurate Reporting Procedures:*

Develop and implement procedures for preparing, reviewing, and approving all RSA financial reports, including step-by-step reconciliation.

1.2 Ensure Documentation and Audit Trail:

Maintain comprehensive supporting documentation for all amounts reported, including detailed reconciliations, adjustments, and source data, in accordance with requirements for traceable and verifiable records.

1.3 Strengthen Internal Controls and Oversight:

Implement Strategic Leadership review of all reports prior to submission to the Rehabilitation Services Administration to confirm data accuracy and compliance with reporting requirements.

1.4 Complete a Restatement of RSA-17 Reports:

Review previously submitted RSA-17 reports for fiscal years 2022–2024, determine accurate expenditure amounts, and coordinate with RSA to correct and resubmit revised reports, if necessary.

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. We would like to emphasize that staff training should be an ongoing activity to ensure that staff are knowledgeable about the program and the requirements to accepting federal assistance. Additionally, implementation of internal controls as identified in the grants management manual will be critical to ensuring compliance. While the Division's corrective action plans indicate that portions are complete, because they have occurred outside of the period under audit, we have not reviewed those actions to see that they are effective at addressing the issues identified.

FINDING 2024-238

The Division did not comply with Matching, Level of Effort, and Earmarking requirements for the fiscal year 2022 Rehabilitation Services-Vocational Rehabilitation Grants to States program.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A240016; H126A220016; H126A210016

Program Year: October 1, 2020 – September 30, 2022; October 1, 2021 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: Matching, Level of Effort, Earmarking

Questioned Costs: \$51,728 Known

Criteria: The U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) included in 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

Section 2 CFR 361.62, Maintenance of effort requirements, states (a) General requirements. The Secretary (of Education) reduces the amount otherwise payable to a State for any fiscal year by the amount by which the total expenditures from non-Federal sources under the vocational rehabilitation services portion of the Unified or Combined State Plan for any previous fiscal year were less than the total of those expenditures for the fiscal year two years prior to that previous fiscal year.

Condition: Grants are issued for an initial 12-month period. If State match requirements are met within the initial period, recipients qualify for an additional 12-month carryover period to spend any unobligated federal funds. Including the carryover period, the federal fiscal year 2024 grant period is October 1, 2023, through September 30, 2025. In State fiscal year 2024, there were 3 grants open – federal fiscal years 2022, 2023, and 2024.

Maintenance of effort is one part of the level of effort grant requirements. The federal fiscal year 2022 grant period ended on September 30, 2023. It is the only grant that we could evaluate for level of effort compliance because it is the only one that ended within State fiscal year 2024, which is the period of our audit.

The Division is required to spend at least the amount of State funds expended in the fiscal year two years prior. We compared State expenditures for the federal fiscal years 2020 and 2022 grants based on amounts reported on the RSA-17 reports.

RSA-17 Report	RSA-17 Report	
Federal Fiscal Year 2020 Grant Expenditures	Federal Fiscal Year 2022 Grant Expenditures	Difference
\$4,508,835	\$4,222,109	\$(286,726)

This analysis found that the Division did not meet level of effort requirements because State spending for the federal fiscal year 2022 grant was \$286,726 less than State spending for the federal fiscal year 2020 grant.

We performed additional analysis on the amounts reported and compared them to the underlying information in Luma and STARS due to errors we identified in the RSA-17 reports; also described in Finding 2024-237. We found that the amounts reported for the federal fiscal years 2020 and 2022 grants did not match the amounts recorded in Luma or STARS, and the Division could not provide documentation to support the differences.

We compared the State expenditures for federal fiscal years 2020 and 2022 grants based on the amounts recorded in Luma and STARS.

Accounting System	Accounting System	
Federal Fiscal Year 2020 Grant Expenditures (STARS)	Federal Fiscal Year 2022 Grant Expenditures (Luma and STARS)	Difference (STARS)
\$4,072,786	\$4,021,058	\$(51,728)

In both of our analyses, the Division still failed to meet level of effort requirements.

Cause: The Division has experienced a large amount of turnover in fiscal staff positions. The staff in place during our single audit procedures were not the same as the staff who compiled the RSA-17 reports for the federal fiscal years 2020 or 2022 grants and could not locate any documentation to support the amounts reported or verify that the Division had internal controls in place to monitor the matching, level of effort, or earmarking requirements for compliance.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Effect: We did not identify any errors with the matching or earmarking requirements, however, reporting errors, when corrected, could result in noncompliance. The noncompliance with the level of effort requirements could result in the RSA reducing the federal grant award to the Division for the federal fiscal year 2025 grant.

Recommendation: We recommend that the Division design and implement procedures to ensure compliance with matching, level of effort, and earmarking requirements. We also recommend the Division contact the federal grantor to resolve the noncompliance related to the level of effort requirement.

Management's View: *The issues uncovered during the single audit are in alignment with challenges and weaknesses uncovered over the last 17 months. As such, we are in agreement with the seven identified findings specified in the Management letter. The Division will ensure compliance with all matching, level of effort, and earmarking requirements by developing and implementing internal control processes, accurate financial tracking mechanisms, and adequate supporting documentation for all federal grant expenditures.*

Corrective Action: *2.1 Develop and Implement Written Policy (Grants Management Manual Section) and Procedures: Establish documented procedures for monitoring and validating compliance with state match funds, maintenance of effort (MOE), and earmarking requirements for each active RSA grant.*

2.2 Training and Staff Accountability:

Train fiscal and leadership staff responsible on grant calculation methods, documentation standards, and compliance monitoring for matching and level of effort requirements.

2.3 Ongoing Monitoring:

Conduct annual compliance reviews before report submission to verify that all level of effort and earmarking requirements are satisfied and adequately supported.

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. We would like to emphasize that staff training should be an ongoing activity to ensure that staff are knowledgeable about the program and the requirements to accepting federal assistance. Additionally, implementation of internal controls as identified in the grants management manual will be critical to ensuring compliance. While the Division's corrective action plans indicate that portions are complete, because they have occurred outside of the period under audit, we have not reviewed those actions to see that they are effective at addressing the issues identified.

FINDING 2024-239

The Division does not have documented control procedures in place to ensure compliance with period of performance requirements for the Rehabilitation Services - Vocational Rehabilitation Grants to States.

Type of Finding: Material Weakness

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A240016; H126A220016; H126A210016

Program Year: October 1, 2020 – September 30, 2022; October 1, 2021 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: Period of Performance

Questioned Costs: Undetermined

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

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Condition: Grants are issued for an initial 12-month period. If State match requirements are met within the initial period, recipients qualify for an additional 12-month carryover period to spend any unobligated federal funds. Including the carryover period, the federal fiscal year 2024 grant period is October 1, 2023, through September 30, 2025. In State fiscal year 2024, there were 3 grants open – federal fiscal years 2022, 2023, and 2024.

The Division uses Aware, a case management system which documents clients' Individual Plans for Employment (IPE). The IPEs have employment goals, planned services, estimated costs, client responsibilities, and criteria for evaluating progress. Expenditures are initially entered into Aware and uploaded into Luma for payment.

The Division uses project codes in Aware to designate expenditures to specific grant periods. The project codes correlate to grant codes in Luma when transactions are uploaded from Aware. Grant codes are used to track expenditures and period of performance for each grant award. Client expenditures are entered into Aware, and Regional Managers review the entries for accuracy, including the correct project code for the period of performance.

As grant periods begin and end, the project codes in Aware need to be changed to correlate to new grant codes in Luma. The Division stated that, in past years, the changes to the project codes would be discussed among the fiscal staff and communicated to the regional managers, and the final changes were reviewed for accuracy and inclusion in the proper period. The Division made changes to the project codes but could not provide documentation to confirm these changes were reviewed and approved in fiscal year 2024. Further, the Division could not provide documentation of any additional procedures to evaluate period of performance at an overall program level that would detect errors in the coding of project codes or federal grant codes.

Cause: The Division has experienced a large amount of turnover in fiscal staff positions. This likely contributed to internal controls not being properly executed. Documentation was not retained to verify internal controls.

Effect: Regional managers review transaction entries to ensure they are for allowable costs and coded to the correct project codes to comply with period of performance requirements. This control procedure is ineffective if the project codes in Aware are not linked to the correct grant codes in Luma. The Division does not have any other control procedures in place to evaluate period of performance at an overall program level, which increases the risk of noncompliance. Our testing did not identify any noncompliance with period of performance requirements, however, without effective controls in place, errors could be made and remain undetected.

Recommendation: We recommend that the Division design and implement control procedures to ensure compliance with period of performance requirements and maintain documentation to demonstrate both that controls were operating as intended and compliance was achieved.

Management's View: *The issues uncovered during the single audit are in alignment with challenges and weaknesses uncovered over the last 17 months. As such, we are in agreement with the seven identified findings specified in the Management letter. To ensure that all federal grant expenditures are properly recorded within their authorized period of performance by implementing documented internal controls, verification processes, and documentation retention procedures.*

Corrective Action: 3.1 *Document Control Procedures: Develop and implement formal, written procedures (Grants Management Manual Chapter) for verifying that expenditures are assigned to the correct period of performance in both Aware and Luma.*

3.2 *Training: Train IDVR team members on policies and procedures tied to Period of Performance.*

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Auditor’s Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. We would like to emphasize that staff training should be an ongoing activity to ensure that staff are knowledgeable about the program and the requirements to accepting federal assistance. Additionally, implementation of internal controls as identified in the grants management manual will be critical to ensuring compliance. Also, while the Division’s corrective action plans indicate that portions are complete, because they have occurred outside of the period under audit, we have not reviewed those actions to see that they are effective at addressing the issues identified.

FINDING 2024-240

The Division is not following Idaho Administrative Rules for Purchasing as required by federal requirements.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A240016; H126A220016; H126A210016

Program Year: October 1, 2020 – September 30, 2022; October 1, 2021 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: Procurement and Suspension and Debarment

Questioned Costs: None

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

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

The CFR procurement standards at 2 CFR 200.317 states that, when procuring property and services under a federal award, a state must follow the same policies and procedures it uses for procurements from its nonfederal funds.

The state of Idaho purchasing rules within the Idaho Administrative Procedures Act (IDAPA) contain the following provisions:

IDAPA 38.05.01.32. Total Cost: The acquisition cost of property, including all components, options, and add-ons available under the contract, related services, and, in the case of ongoing services, the cost of the full term of the contract, including all authorized renewals. Unless a different total term is provided in the contract, the term used for purposes of total cost is five (5) years.

IDAPA 38.05.01.041. Acquisition Procedures:

- Small Purchases: Services with less than \$25,000 total cost; software with less than \$15,000 total cost; property with less than \$15,000 total cost; a mix of property and services less than \$15,000.
 - Small purchases do not require acquisition through competitive solicitation. Agencies must comply with the division’s small purchase policy. Property available under single agency or open contracts shall be purchased under such contracts and are not a small purchase under this rule unless otherwise authorized by the administrator.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

- Informal Purchases: Acquisition of property with a total cost exceeding the dollar limits established in this rule for a small purchase and less than the formal sealed procedure limit are informal purchases.
 - Informal Purchases may be made using:
 - An informal solicitation issued through e-procurement, unless exempted by the administrator; or
 - The formal sealed procedure, when the purchasing authority makes a written determination that using a formal solicitation is in the best interest of the state, including where selection based solely on cost is not appropriate.
 - Agencies procuring property under this rule shall maintain a purchasing file containing:
 - The solicitation document posted and quotes received. If the acquisition was not publicly posted, the agency shall include a statement describing the justification for determining that posting was impractical or impossible, along with the administrator's authorization.
 - If not using e-procurement, the agency shall document the quotes received (or its attempt to obtain quotes) from at least three (3) vendors having a significant Idaho economic presence as defined in Section 67-2349, Idaho Code.
- Formal Sealed Procedure:
 - The sealed procedure limit is one hundred fifty thousand dollars (\$150,000).
 - Purchases of property in excess of the sealed procedure limit are made using the formal sealed procedure, unless exempted by these rules or the administrator.

IDAPA 38.05.01.042.01. Exceptions requiring written administrator approval. The administrator may exempt the following purchases from the requirement for competitive solicitation by issuing a written determination to the purchasing authority.

- Rehabilitation Agency Acquisitions. Acquisitions of property that is provided by non-profit corporations and public agencies operating rehabilitation facilities serving the handicapped and disadvantaged and that is offered for sale at fair market price as determined by the administrator in accordance with these rules. The buyer must submit a written request to the administrator to purchase from a rehabilitation agency and a written approval from the administrator. The purchase must comply with the division's policy for rehabilitation agency acquisitions.

Condition: We identified a population of 75 vendors that were paid more than \$25,000 in fiscal year 2024 by the Division. The total dollar value of that population is \$7,366,145 and we also identified 18 vendors within that population that received total payments that were large enough to be considered individually significant, based on materiality. We reviewed all of those 18 vendors and also selected a random sample of 6 vendors from the remaining 57 vendors in our population to arrive at a total testing group of 24 vendors. We evaluated if the Division's internal controls were properly designed, in place, and effective in preventing or detecting errors. We also assessed if the Division was in compliance with procurement policies, both as required by the Rehabilitation Services - Vocational Rehabilitation Grants to States program and the State.

The main internal control that the Division relies on to ensure compliance is that appropriate personnel review the procurement documents and approve the contract or purchase made prior to payment.

The Division could not provide evidence that the review and approval occurred for 3 of the 6 (or 50 percent) randomly sampled vendors, and for 2 of the 18 (or 11 percent) vendors that had significant payments. We also found that the Division could not provide documentation to show that State procurement policies were followed for 4 of the 6 (or 67 percent) sampled vendors and 4 of the 18 (or 22 percent) individually significant vendors.

Cause: The Division misunderstood several purchasing requirements. It believed that an exemption for rehabilitation agencies applied to more vendors than just not-for-profit entities and public agencies. The Division also believed that the State purchasing policies did not apply to vendors with many small purchases that are

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

individually below, but collectively exceed, the purchasing thresholds. This misunderstanding led to noncompliance with purchasing requirements.

Effect: The State’s purchasing policies are designed to ensure that State and federal funds are expended efficiently to meet the goals of State and federal programs. By not following these policies, the Division could be overpaying for products and services and is not in compliance with federal grant requirements.

Recommendation: We recommend that the Division design and implement procedures to ensure that State purchasing policies are followed. This should include training to ensure that staff understand what purchases require additional procedures. We further recommend that the Division design and implement procedures to ensure that appropriate documentation is retained to demonstrate compliance and that internal controls were operating as intended.

Management’s View: *The issues uncovered during the single audit are in alignment with challenges and weaknesses uncovered over the last 17 months. As such, we are in agreement with the seven identified findings specified in the Management letter. We would like to emphasize that staff training should be an ongoing activity to ensure that staff are knowledgeable about the program and the requirements to accepting federal assistance. Additionally, implementation of internal controls as identified in the grants management manual will be critical to ensuring compliance. The Division will ensure full compliance with Idaho Administrative Rules for Purchasing and applicable federal procurement standards by developing, implementing, and maintaining internal controls, procedures, and documentation of practices that verify all procurements, regardless of funding source or transaction size adhere to State and Federal purchasing requirements.*

Corrective Action: 4.1 Policy Alignment:

Review and revise internal procurement policies and procedures to align with IDAPA 38.05.01, 2 CFR 200.317, and 2 CFR 200.303 requirements.

4.2 Training and Awareness:

Provide training to all staff to ensure understanding of:

4.2.1 Purchasing thresholds and categories (small, informal, and formal purchases).

4.2.2 Documentation and approval requirements.

4.2.3 Process and documentation requirements for purchases requiring exemptions.

4.3 Internal Control Strengthening:

Develop and implement internal control mechanisms to ensure compliance with State and Federal purchasing requirements.

4.4 Monitoring and Accountability:

Establish a quality assurance and compliance monitoring process to perform monitoring of procurement transactions to verify compliance with Division policies and procedures.

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

FINDING 2024-241

The Division did not verify that vendors receiving payments from the Rehabilitation Services - Vocational Rehabilitation Grants to States program, were not suspended or debarred prior to making federal grant payments.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A240016; H126A220016; H126A210016

Program Year: October 1, 2020 – September 30, 2022; October 1, 2021 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Compliance Requirement: Procurement and Suspension and Debarment
Questioned Costs: None

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

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 180.300) requires grantees to verify an entity is not suspended or debarred or otherwise excluded before entering into a covered transaction. The verification is accomplished by (1) checking the System for Award Management (SAM) exclusions maintained by the General Services Administration and available online, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Covered transactions, as defined by 2 CFR 180.220, include contracts for goods and services awarded under a non-procurement transaction (for example, grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria.

Condition: We identified 75 vendors that were paid more than \$25,000 in total expenditures in fiscal year 2024 by the Division. The total dollar value of that population is \$7,366,145 and we identified 18 vendors within that population that received total payments that were large enough to be considered individually significant, based on materiality. We reviewed those 18 vendors and selected a random sample of 6 vendors from the remaining 57 vendors in our population to arrive at a total testing group of 24 vendors.

The Division relies on appropriate personnel reviewing the documents that support verification that the vendor is not suspended or debarred, and then indicate approval by e-mail, as its primary internal control to assure compliance with federal regulations.

Our testing found that the Division could not provide the documentation to show that the review and approval occurred for 5 of the 6 (or 83 percent) sampled vendors and for 7 of the 18 (or 39 percent) vendors identified as individually significant.

Cause: The Division has procedures in place to retain documentation showing the suspension and debarment reviews were completed, reviewed, and approved for new vendors added during fiscal years 2022, 2023, and 2024. However, the Division could not provide documentation to show that vendors added prior to fiscal year 2022 were subject to this process. Further, the Division does not perform any subsequent checks to ensure that vendors did not become suspended or debarred after they were initially added to the current statewide accounting system (Luma) or prior statewide accounting system (STARS) which increases the risk that payments could be made to a suspended or debarred vendor.

Effect: We reviewed all vendors selected as part of our testing and verified that none of them were on the SAM list as suspended or debarred. However, the Division does not have adequate controls in place to ensure that they are not entering into covered transactions with suspended or debarred vendors.

Vendors can be suspended or debarred for many reasons including financial crimes such as fraud, embezzlement, or bribery, and other issues such as consistently poor performance on previous contracts or violations of laws. Taking steps to ensure vendors are not suspended or debarred is important to prevent fraud, waste, and abuse.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Recommendation: We recommend that the Division develop and implement procedures to ensure that they are regularly reviewing vendors with whom it is contracted to ensure compliance with suspension and debarment requirements.

Management's View: *The issues uncovered during the single audit are in alignment with challenges and weaknesses uncovered over the last 17 months. As such, we are in agreement with the seven identified findings specified in the Management letter. The Division will ensure full compliance with federal suspension and debarment requirements by establishing and maintaining effective internal controls and procedures that verify and document vendor eligibility prior to contract execution and throughout the vendor relationship.*

Corrective Action:

5.1 Policy Development and Alignment:

Revise the Division's procurement and grant management procedures to include mandatory ongoing verification and documentation of suspension and debarment status for all vendors involved in covered transactions.

5.2 Systematic Verification Process:

Implement a standardized process to verify vendor eligibility by:

5.2.1 Checking the System for Award Management (SAM.gov) exclusion list.

5.2.2 Retaining a copy of the verification record or certification in the procurement or vendor file.

5.2.3 Incorporating a suspension/debarment verification clause into agreements, contracts, authorizations for purchase, and purchase orders.

5.3 Ongoing Monitoring:

Establish a control to periodically re-verify vendor status at least annually to identify changes in eligibility after the initial onboarding.

5.4 Training and Accountability:

Provide training to all fiscal staff on:

5.4.1 Federal suspension and debarment requirements.

5.4.2 Verification methods and documentation expectations.

5.4.3 Proper retention of evidence.

5.4.4 Compliance Reviews:

Implement periodic internal compliance reviews to ensure continued adherence to suspension and debarment verification requirements.

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

FINDING 2024-242

The Division did not accurately report federal grant expenditures on the Schedule of Expenditures of Federal Awards (SEFA) Closing Package.

Type of Finding: Significant Deficiency, SEFA Misstatement

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A240016; H126A220016; H126A210016

Program Year: October 1, 2020 – September 30, 2022; October 1, 2021 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: U.S. Code of Federal Regulations (CFR) 200.510(b)

Questioned Costs: None

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

Condition: The Division prepared the SEFA closing package as required but could not provide documentation to show that the closing package was reviewed for accuracy prior to submission.

Additionally, amounts on the SEFA did not agree with the underlying accounting records in Luma, and Division staff could not provide an explanation for the differences. We identified the following errors based on expenditure transactions that were coded to specific grants in the Federal Grant Fund in Luma:

Assistance Listing	SEFA Amount	Luma Amount	Difference
84.126A	\$18,785,454	\$18,285,440	\$500,014
93.369	\$282,568	\$242,954	\$39,614
		Total Difference	\$539,628

The Federal Grant Fund also contained transactions that were not directly coded to any specific grant in the amount of \$1,168,908. The Division could not provide documentation to show how these expenditures were allocated to individual programs.

Cause: The Division has experienced a large amount of turnover in fiscal staff positions. Staff did not retain documentation to support amounts reported.

Effect: The Division overstated expenditures, according to Luma, by \$500,014 for the Rehabilitation Services-Vocational Rehabilitation Grants to States and also overstated expenditures, according to Luma, by \$36,614 for the Independent Living State Grant. Additionally, expenditures in the amount of \$1,168,908 were charged to the federal grant fund in Luma but are not identified by grant indicating that errors could be larger.

Recommendation: We recommend that the Division design and implement procedures to accurately calculate the amounts reported in the SEFA closing package and to retain documentation supporting the amounts reported.

Management’s View: *The issues uncovered during the single audit are in alignment with challenges and weaknesses uncovered over the last 17 months. As such, we are in agreement with the seven identified findings specified in the Management letter. The Division will ensure the accuracy, completeness, and appropriate documentation of all federal grant expenditures reported on the SEFA closing package by implementing effective reconciliation processes, internal review controls, and documentation retention procedures in compliance with 2 CFR 200.303 and 2 CFR 200.510.*

Corrective Action: *6.1 Develop and Implement Written SEFA Procedures:
Create formal written procedures describing how SEFA amounts are compiled, reconciled, reviewed, and approved prior to submission within Grants Management Manual.
6.2 Strengthen Internal Controls and Oversight:
Implement internal review and approval steps that require documented verification of SEFA amounts against Luma accounting records.*

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

6.3 Ensure Accurate Grant Coding:

Review and correct all federal grant fund transactions not assigned to specific grants, ensuring proper coding and allocation in Luma.

6.4 Training and Staff Development:

Provide training to fiscal staff on SEFA preparation, reconciliation, and documentation requirements.

6.5 Establish Continuous Monitoring:

Perform periodic reviews of federal expenditure coding and SEFA data to identify discrepancies before year-end reporting.

Auditor’s Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. We would like to emphasize that staff training should be an ongoing activity to ensure that staff are knowledgeable about the program and the requirements to accepting federal assistance. Additionally, implementation of internal controls as identified in the grants management manual will be critical to ensuring compliance. We would like to clarify that the SEFA closing package for the state fiscal year 2025 contains several grant phases including, but not limited to, the federal fiscal year (FFY) 2024 award and was due prior to this progress note so it is unclear which SEFA preparation the Division intends to have the improved internal controls impact.

FINDING 2024-243

The Division did not properly evaluate costs related to the Rehabilitation Services - Vocational Rehabilitation Grants to States program resulting in direct costs incorrectly being recorded as indirect costs for the grant.

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: Rehabilitation Services – Vocational Rehabilitation Grants to States

Assistance Listing Number: 84.126

Federal Award Number: H126A240016; H126A220016; H126A210016

Program Year: October 1, 2020 – September 30, 2022; October 1, 2021 – September 30, 2023; October 1, 2023 – September 30, 2024

Federal Agency: U.S. Department of Education, Rehabilitation Services Administration

Compliance Requirement: Allowable Costs/Cost Principles

Questioned Costs: None

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

Section 2 CFR 200.403(d) describes factors affecting the allowability of costs. Except where otherwise authorized by statute, costs must meet a consistency treatment criterion to be allowable under federal awards. A cost should not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost. This also applies for misapplying indirect costs as direct costs.

Condition: We tested a sample of 60 transactions, plus 15 individually significant transactions, from the population of indirect costs incurred in State fiscal year 2022. Those costs were used to calculate the indirect cost rate used in fiscal year 2024.

We identified 2 transactions from the sample of 60 (or 3 percent) and 1 (or 7 percent) individually significant transactions that should have been charged as direct costs. The 2 sampled transactions were \$30 for training and \$269 for postage. The individually significant transaction was \$46,922 for laptops.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

We also tested a sample of 60 employee payroll transactions from the population of direct costs in fiscal year 2024 to determine that the costs were allowable and the Division's internal control procedures were operating as intended. The Division could not provide documentation to confirm that 2 transactions (or 3 percent) were approved prior to entry in Luma.

Cause: The Division has experienced a large amount of turnover in fiscal staff positions. Prior staff did not retain documentation, and current staff was unable to produce documentation to support the expenditure transactions or verify controls were in place and operating.

Effect: The 3 indirect cost transactions that should have been recorded as direct costs caused the Division to draw a lower amount of grant funds than allowed. We did not find any compliance errors in our testing of payroll transactions; however, if control procedures are not operating as designed, errors could occur and not be detected.

Recommendation: We recommend that the Division provide training to employees to correctly distinguish direct costs and indirect costs and design and establish procedures to ensure that documentation is retained to support transactions.

Management's View: *The issues uncovered during the single audit are in alignment with challenges and weaknesses uncovered over the last 17 months. As such, we are in agreement with the seven identified findings specified in the Management letter. To ensure all costs charged to federal grants are accurately classified as direct or indirect in accordance with federal cost principles, and to maintain documentation supporting all expenditures, approvals, and internal control activities in compliance with 2 CFR 200.303 and 2 CFR 200.403(d).*

Corrective Action: *7.1 Establish and Document Clear Cost Classification Procedures:*

Develop written procedures defining and distinguishing between direct and indirect costs.

7.2 Strengthen Internal Controls Over Cost Allocation:

Implement review and approval controls to verify proper cost classification before posting transactions to Luma or inclusion in the indirect cost pool.

7.3 Enhance Staff Training and Knowledge:

Provide targeted training for fiscal staff to ensure understanding of allowable cost principles and consistent application of cost classification policies.

7.4 Ensure Documentation Retention and Review:

Maintain complete documentation supporting all cost allocations, including approval records, cost pool calculations, and reconciliations.

7.5 Perform Regular Monitoring and Verification:

Conduct periodic reviews of both direct and indirect cost transactions to confirm classification accuracy and identify any required adjustments.

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. We would like to emphasize that staff training should be an ongoing activity to ensure that staff are knowledgeable about the program and the requirements to accepting federal assistance. Additionally, implementation of internal controls as identified in the grants management manual will be critical to ensuring compliance.

DEPARTMENT OF WATER RESOURCES (Department)

FINDING 2024-244

The Department's original Schedule of Expenditures of Federal Awards submitted to the Office of the State Controller underreported the amount disbursed to subrecipients by \$3,500,000 under the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) program.

Type of Finding: Significant Deficiency, SEFA Misstatement

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Assistance Listing Title: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Federal Award Number: SLFRP0142

Program Year: March 3, 2021 – December 31, 2024

Federal Agency: Department of Treasury

Compliance Requirement: U.S. *Code of Federal Regulations* (CFR) 200.510(b)

Questioned Costs: None

Criteria: The U.S. *Code of Federal Regulations* (CFR), 2 CFR 200.510(b), requires that the State prepare a Schedule of Expenditures of Federal Awards (SEFA) for the fiscal year that must include the total federal awards expended. In addition, the total federal awards expended must be the total amount provided to subrecipients from each federal 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 (Office) through the SEFA closing package. The Office provides instruction on the completion of the closing package.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*) included in 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

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

Condition: The Department failed to report one subrecipient of CSLFRF program on the SEFA in fiscal year 2024.

Cause: The Department does not have sufficient controls in place to prevent or detect errors on the SEFA before submission to the Office. Program staff determined that one recipient of CSLFRF funding was a subrecipient. However, review procedures were not performed at the level of detail necessary to ensure amounts passed on to the subrecipient were appropriately identified on the SEFA closing package and did not report all funds passed through.

Effect: The statewide SEFA amounts reported as disbursed to subrecipients were underreported by \$3,500,000.

Recommendation: We recommend that the Department improve training and the review process for the SEFA closing package to ensure appropriate reporting of subrecipient expenditures on the SEFA.

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

Corrective Action: *The Department will improve training and the review process for the SEFA closing package to ensure appropriate reporting of subrecipient expenditures on the SEFA. The Department will review the FY 2025 SEFA closing package that was submitted to the Office of the State Controller to ensure the appropriate subrecipient expenditures were reported.*

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

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**MANAGEMENT'S BASIC FINANCIAL STATEMENTS FINDINGS
CORRECTIVE ACTION PLAN**





Corrective Action Plan - ACFR
For the Fiscal Year Ended June 30, 2024

Office of the State Controller

Finding 2024-100:

The Office discontinued the process of reconciling cash balances by fund with the implementation of a new statewide enterprise resource planning system, Luma, on July 1, 2023, resulting in unverified pooled cash and cash equivalents reported on the financial statements and material misstatements going undetected.

Related to Prior Finding: N/A

Agency's view: The State Controller's Office agrees with this finding and acknowledges the lack of a cash reconciliation like the one done in previous years.

Corrective Action Plan:

An outside consultant was hired to reconcile the bank to the Treasurer's Office system (TATRS). The Office continues to meet weekly with the State Treasurer's Office to review transaction accuracy and coordinate efforts to improve current interface processes between Luma and TATRS. The Office is developing a sustainable and effective cash reconciliation going forward. This reconciliation process will focus on matching cash balances by fund.

Anticipated Corrective Action Date:

The State Controller's Office anticipates completing the corrective actions for the June 30, 2025 reporting period.

Responsible for Corrective Action: Tiffini LeJeune

Phone: 208-334-3100

tlejeune@sco.idaho.gov

700 West State St., Fl. 5

Boise, ID 83720

Finding 2024-101:

Errors in journal entry templates when implementing the State's new accounting system, Luma, resulted in misstatements in pooled cash, other accrued liabilities, and revenues in the Health and Welfare column on the financial statements.

Related to Prior Finding: N/A

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

Corrective Action Plan:

The processes have been corrected and although the agency still needs to make correcting prior period entries in Luma, the statements will reflect the correct entries in the ACFR.

Anticipated Corrective Action Date:

The State Controller's Office will complete the corrective actions for the June 30, 2025 reporting period.

Responsible for Corrective Action: Tiffini LeJeune

Phone: 208-334-3100

tlejeune@sco.idaho.gov

700 West State St., Fl. 5

Boise, ID 83720

Finding 2024-102:

Weak internal controls allowed multiple misstatements in the Division of Financial Management's grants advances closing package to be included in the financial statements.

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

Corrective Action Plan:

The State Controller's Office has met with the Division of Financial Management and come to an understanding of what should be reported on this closing package. The Office will have additional reviews of the backup and the transactions on this closing package.

Anticipated Corrective Action Date:

The State Controller's Office will complete the corrective actions for the June 30, 2025 reporting period.

Responsible for Corrective Action: Tiffini LeJeune

Phone: 208-334-3100

tlejeune@sco.idaho.gov

700 West State St., Fl. 5

Boise, ID 83720

Finding 2024-103:

Errors in the transfer elimination process resulted in overstated revenue and expenditures in the Transportation column of \$102.3 million and \$178.3 million in the Unemployment Compensation column.

Related to Prior Finding: N/A

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

Corrective Action Plan:

The Office has updated our process and will ensure that transfers are reported correctly and the appropriate eliminations are made. The ACFR team has incorporated appropriate event code use in agency training. The Office will also improve reference documentation with additional definitions and explanations. The transfers were corrected for the final FY24 ACFR.

Anticipated Corrective Action Date:

The State Controller's Office will complete the corrective actions for the June 30, 2025 reporting period.

Responsible for Corrective Action: Tiffini LeJeune

Phone: 208-334-3100

tlejeune@sco.idaho.gov

700 West State St., Fl. 5

Boise, ID 83720

Finding 2024-104:

The Office did not include Supplemental Nutrition Assistance Program (SNAP) non-cash amounts for food benefits of \$280.9 million as Grants and Contributions revenue and Health and Human Services expenditures in the Health and Welfare column on the Governmental Fund Statements.

Related to Prior Finding: 2023-102

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

Corrective Action Plan:

The information is reported on the SEFA closing package, which normally does not have any processed transactions. Going forward the entry will be added to the Bureau Chief journal entry adjustment log to ensure the transactions are processed.

Anticipated Corrective Action Date:

The State Controller's Office will complete the corrective actions for the June 30, 2025 reporting period.

Responsible for Corrective Action: Tiffini LeJeune

Phone: 208-334-3100

tlejeune@sco.idaho.gov

700 West State St., Fl. 5

Boise, ID 83720

Finding 2024-105:

The Office's internal review process did not prevent or detect multiple misstatements in the statewide ACFR submitted for audit that were greater than the trivial threshold but less than material.

Related to Prior Finding: 2023-103

Agency's view: The State Controller's Office agrees with this finding and acknowledges the misstatements and presentation errors identified by the auditors.

Corrective Action Plan:

All errors were corrected prior to the issuance of the financial statements. The Office will continue to evaluate and make improvements to the internal review procedures. The Office has updated our preparation processes to allow for a more thorough review of the final product and will incorporate additional reviews of the linked data into the ACFR. When the Office receives drafts of audited financial statements, it will create a list of changes and communicate them to the team to ensure final draft numbers are used from the outside audits. The team will review GASB guidance and take opportunities for training when available. The Office will be implementing the use of task checklists and prior year findings to ensure a complete and timely review of the notes.

Anticipated Corrective Action Date:

The State Controller's Office will complete the corrective actions for the June 30, 2025 reporting period.

Responsible for Corrective Action: Tiffini LeJeune

Phone: 208-334-3100

tlejeune@sco.idaho.gov

700 West State St., Fl. 5

Boise, ID 83720

Finding 2024-106:

Over \$30 million was issued in duplicate payments during fiscal year 2024 due to a lack of data validation controls.

Related to Prior Finding: N/A

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

Corrective Action Plan:

The Office has incorporated automated checks to prevent duplicate payments in the future. The automated script compares the data to the previous files and will send notification to the Office of any issues that need to be reviewed prior to routing to the bank. The Office has also implemented a process whereby validation reports have been built and are sent to agency representatives quarterly that will allow agencies to validate that the data interfaced into Luma from their local systems is correct in Luma.

Anticipated Corrective Action Date:

The State Controller's Office will complete the corrective actions for the June 30, 2025 reporting period.

Responsible for Corrective Action: Patrick Hodges

Phone: 208-334-3100

phodges@sco.idaho.gov

700 West State St., Fl. 5

Boise, ID 83720

Finding 2024-107:

Multiple control deficiencies were identified in Luma's Security and Privacy Program increasing the risk of fraud, unauthorized transactions, data manipulation, or undetected errors.

Related to Prior Finding: N/A**Agency's view:** The State Controller's Office agrees with this finding.**Corrective Action Plan:**

The Office is implementing the use of Governance Risk and Compliance (GRC) software to identify control deficiencies. The Office is developing policies prioritized in the IT audit and continues to review and refine the policies on an ongoing basis.

Anticipated Corrective Action Date:

The State Controller's Office will complete the corrective actions September 30, 2025.

Responsible for Corrective Action: Patrick Hodges

Phone: 208-334-3100

phodges@sco.idaho.gov

700 West State St., Fl. 5

Boise, ID 83720

Finding 2024-108: A reconciliation was not completed to ensure the completeness of payroll accruals included in the statewide financial statements.**Related to Prior Finding:** 2023-104**Agency's view:** The State Controller's Office agrees with this finding.**Corrective Action Plan:**

As of October 2024, SCO implemented a new reconciliation procedure to ensure that payroll accruals are accurate and complete. This procedure includes bi-weekly review and validation steps designed to improve the accuracy of the information reported in the statewide financial statements.

Anticipated Corrective Action Date:

The State Controller’s Office will complete the corrective actions September 30, 2025.

Responsible for Corrective Action: Hanna Hall

Phone: 208-334-3100
hhall@sco.idaho.gov
700 West State St., Fl. 4
Boise, ID 83720

Finding 2024-109: The statewide accounting system does not have system controls to prevent employees from modifying their timesheets after supervisor approval.

Related to Prior Finding: N/A

Agency’s view: The State Controller’s Office agrees with this finding.

Corrective Action Plan:

As of February 2025, the Office reconfigured the system so any modification made to a timesheet after approval automatically unauthorizes the timesheet and triggers a notification to the employee’s manager. While the system does not fully prevent post-approval modifications, it ensures that employees cannot be paid on unauthorized timesheets.

Anticipated Corrective Action Date:

The State Controller’s Office will complete the corrective actions September 30, 2025.

Responsible for Corrective Action: Hanna Hall

Phone: 208-334-3100
hhall@sco.idaho.gov
700 West State St., Fl. 4
Boise, ID 83720

State Department of Education

Finding 2024-110:

The Department did not adequately monitor data that supports \$574,773,460, or 24.5 percent, of the statewide distribution payments made to school districts and charter schools in fiscal year 2023, nor did they properly implement corrective action procedures for fiscal year 2024.

Related to Prior Finding: 2023-105

Agency’s view: The agency agrees with this finding.

Corrective Action Plan:

The Idaho Department of Education (Department) hired an auditor in December 2024, based on funding and legislative approval received during the 2024 Legislative session. The individual in

this position developed an annual risk assessment of public school finance including an activities list, consolidated and prioritized activities list, pre-controls risk assessment, control activity list for each category, and post-controls risk assessment. Further review found that controls are in place to reduce the risk associated with data accuracy and monitoring, as well as other inherent risks. Risk assessments and further testing will be conducted annually.

Letters of assurance were sent to and collected from external LEA auditors regarding the review of additional data in the areas of attendance, staffing, and transportation. If an external auditor does not sign the letter of assurance, the districts they serve are considered higher risk, and the Department will conduct additional audits. The process for monitoring and reporting attendance and enrollment, including calculations of average daily attendance for dual enrollment calendars and alternative calendars, was reviewed. This process was analyzed for accuracy and consistent implementation across multiple situations within the public schools.

Reviews of procedures and calculations to reduce risks are ongoing, including additional scrutiny on prior-year corrections and initial employee placement requests; tracking and submitting attendance data for virtual and hybrid programs; and further monitoring of instructional hours.

Anticipated Corrective Action Date:

July 2025

Responsible for Corrective Action: Public School Finance Auditor

Tricia Kadri
208-332-6841
pkadri@sde.idaho.gov

With support from:

Chief Financial Officer
Gideon Tolman
208-332-6874
gtolman@sde.idaho.gov

Department of Environmental Quality

Finding 2024-111:

The Department was unable to reconcile the Loans and Notes Receivable ending balance between the Loan and Grant Tracking System (LGTS) and the State's accounting system, LUMA, for the Clean Water and Drinking Water State Revolving funds, and balances reported are incorrect.

Related to Prior Finding: N/A

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

Corrective Action Plan:

DEQ has had significant turnover in the fiscal office. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures, including those for fiscal year end closing packages. The Department anticipates having trained, knowledgeable staff completing the closing packages for the 2026 fiscal year end. The fiscal office currently performs a monthly reconciliation process between the Loan & Grant Tracking System (LGTS) and the State of Idaho's Accounting System (Luma).

Anticipated Corrective Action Date:

Fiscal Year 26

Responsible for Corrective Action:

Linda Brown Financial Executive Director
208-373-0292
Linda.brown@deq.idaho.gov

Finding 2024-112:

The Department was unable to reconcile the Loans and Notes Receivable ending balance between the Loan and Grant Tracking System (LGTS) and the State's accounting system, LUMA, for the Clean Water and Drinking Water State Revolving funds, and balances reported are incorrect.

Related to Prior Finding: N/A

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

Corrective Action Plan:

DEQ has had significant turnover in the fiscal office. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures. The fiscal office is currently working with the State Controller's Office (SCO) on creating a series of work sessions to help train new fiscal staff, particularly on project set up and management, and accounts receivable processes and procedures. These work sessions will include when and how to properly generate a project invoice, and receipt and record the corresponding revenue. The fiscal office is currently developing the work sessions with SCO and will start them once new staff are hired. The anticipated start date of the work sessions is the beginning of calendar year 2026. In the meantime, DEQ fiscal office has a standing meeting with SCO every other week to discuss current issues the agency is needing assistance with.

Anticipated Corrective Action Date:

Fiscal Year 25

Responsible for Corrective Action:

Linda Brown Financial Executive Director

Division of Financial Management

Finding 2024-113:

The Division's internal review failed to prevent a misstatement of \$175 million on the Grants Advances closing package for the American Rescue Plan Act funds.

Related to Prior Finding: 2023-106

Agency's view: The agency agrees with this finding. With significant turnover at DFM, it was initially assumed that agencies who receive ARPA SLFRF funds would report on their own grant advance closing packages. DFM worked closely with SCO to determine other agencies' cash balances and added it to DFM's ending cash to correct this error in the final ACFR submission for FY25.

Corrective Action Plan:

The initial grant advance closing packet was submitted without other agencies ARPA SLFRF balances being included. We appreciate both LSO and SCO for working with DFM to get this corrected in the final submission. While this technical error did not result in any errors in agency fund availability, DFM agrees that correct information on all financial statements is crucial to ensure public confidence in state government. DFM will work with SCO to determine other agency cash balances in the ARPA SLFRF funds, then add that to DFM's balances to report in the grant advance closing packet for future years.

Anticipated Corrective Action Date:

This has been corrected as of June 30, 2025, and the corrective action plan is in place to ensure accurate reporting on future grant advance closing packets.

Responsible for Corrective Action:

Justin Collins
Deputy Administrator | State Financial Officer
Phone: (208) 854-3063
Email: Justin.Collins@dfm.idaho.gov
304 N 8th Street, Fl. 3
Boise, ID 83720

Department of Health and Welfare

Finding 2024-114:

The Department structured some journal entries in the accounting system incorrectly and did not identify or correct the errors during the fiscal year resulting in a material overstatement of \$491 million to cash in the statewide *Annual Comprehensive Financial Report (ACFR)*. Additional accounts had corresponding over/understatements related to these errors.

Related to Prior Finding: N/A

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

Corrective Action Plan:

When we discovered the table error, the D78 table was corrected and validated, however, the necessary transactional corrections were missed. This error happened very early on after go-live, and staff didn't have the knowledge base needed or the reporting tools available to identify and correct transactional level data at that point. Staff now has a broader knowledge and understanding of the system, as well as reporting tools and processes in place to ensure compliance

1. **Develop and Implement Written Policies and Procedures:** In November 2024 written procedures were completed and implemented that clearly outline how to properly perform an AR write-off. These were updated in April 2025 after changes were made to Luma to ensure alignment. These documents are reviewed and changed to align with ongoing Luma updates
2. Documents are maintained on a share drive available to all applicable staff.
3. **Staff Training:** Current staff and supervisors were trained in November 2024 on the correct procedures to perform an AR write-off, updated training was provided to staff in April 2025 when processes were updated. All new staff will be trained on the proper process as part of their normal training.

Anticipated Corrective Action Date:

8/15/2025

Responsible for Corrective Action:

Name and job title: Jason Brizendine, Financial Manager

Address: 450 W. State St., Boise, ID 83702

Phone number: 208-334-6665

Email: Jason.Brizendine@dhw.idaho.gov

Name and job title: Dena Darpli, Financial Manager

Address: 450 W. State St., Boise, ID 83702

Phone number: 208-334-4909

Email: Dena.Darpli@dhw.idaho.gov

Department of Labor

Finding 2024-115:

The Department overstated accounts receivable by \$32,977,010.

Related to Prior Finding: N/A

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

Corrective Action Plan:

The Department agrees with the audit finding and corrected the errors prior to issuance of the SFY24 ACFR. Moving forward, the Department will take the following steps to strengthen internal control practices for this and other financial reporting functions:

1. Changes to internal accounting practices will be vetted and approved prior to staff implementation. Deviations from the established procedure will go through an upline approval process.
2. For all closing packages, staff have compiled 5 years of data for each closing package item reported, allowing for year-over-year analysis that would point out and allow the Department to address material changes prior to submission to the State Controller's Office. Current year closing package data will be added to the spreadsheets to allow staff to see trends and do reasonableness tests on the data prior to submission. Financial data varies from year to year naturally, so doing the analysis ahead of time will allow staff to anticipate questions from the State Controller's Office and Legislative Services and be prepared to defend material changes. This will also bring to light potential errors such as this issue and give the Department time to refine their process ahead of the submission deadlines.
3. The Department will place renewed emphasis on retrospective analysis of assumptions from the prior year. If assumptions are reasonable, then they will continue to be used as a part of the predictive modeling for doubtful accounts in the receivables closing package. If the assumptions do not track with actuals or turn out to not be reasonable, then the process will be reevaluated and revised to align more closely with reality for future periods.

Anticipated Corrective Action Date:

1. Immediate. Change was implemented as of 7/21/2025.
2. Immediate. Change was implemented as of 7/21/2025 and updated accordingly throughout the closing package submission timeframe for SFY25.
3. Immediate. When reviewing the receivables closing package submission for SFY25, the department did a lookback to the revised assumptions for SFY24 receivables and determined that the model is resulting in reasonable assumptions. We will continue this practice moving forward and revise our processes accordingly.

Responsible for Corrective Action:

Name and job title: Carrie Peterman, Financial Executive Officer

Phone number: 208-696-2533

Email: carrie.peterman@labor.idaho.gov

Idaho State Tax Commission

Finding 2024-116:

The Commission failed to ensure or monitor for changes to statutory cash allocation codes in the State's accounting system, Luma.

Related to Prior Finding: N/A

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

Corrective Action Plan:

Under Idaho Code Title 63, the Commission is responsible for collecting and distributing tax revenues. Tax revenues received are posted in Luma and placed in holding funds until the Commission distributes them according to Idaho Code. The Commission uses cash allocation codes to identify the destination of the funds, complete the distributions, and ultimately report results by tax type and fund.

The LSO audit of the Luma system identified that access to Commission cash allocation codes isn't limited to authorized individuals within the Commission. This creates an increased risk of error and potential for being out of compliance with Idaho Code.

LSO recommended the Commission establish monitoring activities to ensure unauthorized changes don't occur and work with the State Controller's Office to strengthen edit and role controls. In response, the Commission created a production report that generates audit history for cash allocation code changes in September 2024. Additionally, the Commission added the report to the month-end checklist and developed mandatory training for all staff with access to the cash allocation codes. This report is now being generated and monitored monthly, and the training has been delivered. We'll continue to work with our partners at the Controller's office to identify and correct systemic deficiencies to safeguard Idaho tax revenue.

Anticipated Corrective Action Date:

The State Controller's Office will complete the corrective actions for the June 30, 2025 reporting period.

Responsible for Corrective Action:

Name: Lisa Kopke

Title: Financial Executive Officer

Email: lisa.kopke@tax.idaho.gov

phone: (208) 334-7507

Finding 2024-117:

Restricted Cash amounts reported to the Office of the State Controller were understated by \$190.8 million.

Related to Prior Finding: 2022-105

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

Corrective Action Plan:

Under the Idaho Code section 63-3638, the Commission is responsible for collecting and distributing sales tax receipts. These receipts are tracked through separate funds and reported as revenue through a monthly comparative statement posted by the Commission. Since this revenue is restricted for specific purposes, the Commission should identify and report it to the Office of the State Controller through closing packages. During the audit, LSO identified several subsidiary accounts that weren't identified as restricted. LSO recommended the Commission strengthen controls regarding closing packages.

In response, the Commission is currently developing Cognos reporting in Luma to help identify all cash and restricted funding sources to increase accuracy when completing the closing packages. The Commission is also developing documentation which will include the procedures for accurately preparing the closing packages. Once documentation is complete, we'll deliver

Anticipated Corrective Action Date:

August 31, 2025.

Responsible for Corrective Action:

Name: Lisa Kopke

Title: Financial Executive Officer

Email: lisa.kopke@tax.idaho.gov

phone: (208) 334-7507

Idaho State Treasurer's Office

Finding 2024-118:

IDLE pool distributions were not made accurately or timely in accordance with the Idaho State Treasurer's Office investment policy.

Related to Prior Finding: N/A

Agency's view:

We acknowledge the issues identified. The transition to Luma presented significant challenges in maintaining accurate fund-level reconciliations and timely distributions. The STO made every effort to adapt to the new system, including using Luma data for Idle interest distributions after identifying interface issues. However, SCO's failure to anticipate the need for reliable reporting, and the inability to identify and extract data from Luma to provide TATRS with transactions that affect cash in interface files, and the lack of a reconciliation process between the two systems,

originally the function of SCO, hindered our ability to ensure accuracy. Even though there were reconciliation challenges at the fund accounting level, the Treasurer's Office has been able to consistently reconcile accounting transactions to bank account transactions.

Corrective Action Plan:

1. Collaboration with the Office of the State Controller:

We are actively working with the Office of the State Controller to develop and implement a reliable fund-level reconciliation process between TATRS and Luma. This includes advocating for enhanced reporting capabilities, creating and improving existing interfaces to allow for more timely reconciliations.

2. Review of FY 2024 Average Daily Balances and Ending Balance:

A review of FY 2024 average daily balances is underway to validate the accuracy of average daily balance calculations and ensure that any discrepancies are identified and corrected. In addition, reconciliations are being completed by both STO and SCO to identify discrepancies and correct FY 2024 ending balances in TATRS.

3. Process Improvements:

- o Internal procedures are being revised to include additional validation steps and cross-checks during distribution calculations.

- o Existing interfaces are being reviewed to be able to request the changes needed to improve the data being imported into TATRS.

4. Policy Review:

The IDLE Investment Policy will be reviewed and updated, if necessary, to reflect current system capabilities and ensure alignment with best practices in internal controls and financial reporting. For clarity, the STO uses TATRS as the book of record for portfolio activity. Luma remains the book of record for fund cash balances.

Anticipated Corrective Action Date:

We expect to have FY 2024 Average Daily Balances recalculated in Luma and FY 2024 interest distributions to be corrected by June 30, 2026. This is a joint effort with the State Controller's Office as the Average Daily Balance report comes from Luma.

Responsible for Corrective Action:

Name and job title: Laura Steffler, Chief Deputy Treasurer

Phone number: (208) 332-2999

Email: laura.steffler@sto.idaho.gov

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**MANAGEMENT'S FEDERAL FINDINGS
CORRECTIVE ACTION PLAN**





Corrective Action Plan - Single Audit
For the Fiscal Year Ended June 30, 2024

Commission for the Blind and Visually Impaired

Finding 2024-200: The Commission did not comply with federal Matching, Level of Effort, and Earmarking grant requirements for the Rehabilitation Services-Vocational Rehabilitation Grants to States program.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: The Cost Allocation Plan (CAP) needs to be updated, resubmitted, and approved through RSA. We also agree that ICBVI needs to provide clear documentation to support the numbers in our CAP. ICBVI has reviewed its documentation and believes we met the federal Matching, Level of Effort, and Earmarking requirements for the Rehabilitation Services-Vocational Rehabilitation Grants to States program.

Matching and Maintenance of Effort (MOE): ICBVI uses a monthly/semi-monthly CAP process to determine the level of federal draw for reimbursement. These draw amounts are based on the necessary monthly amounts (1/12) of the required 21.3% of the total grant award + match, OR the MOE amount from 2 years prior (whichever is greater). This CAP process keeps track of the Grant Total, Draws to Date, To be Drawn, State Portion, and Match/MOE amount YTD. It is through this systematic monthly process that we calculate what the allowable direct and indirect State expenditures are and will make draws that allow us to reach the Match/MOE targets. Based on our documentation, we have made our Match and MOE amounts for the years in question. Documentation supporting the reported amounts can be found in the CAPs from any FFY.

Earmarking: Allowable expenditures for Pre-Employment Transition Services (Pre-ETS) are also tracked in the CAP. Documentation to support amounts reported can be found in the CAPs from any FFY.

CAP Update and Approval: We have a meeting scheduled with the Director of the Indirect Cost Division at the US Dept of Education on 12/10/25. The CAP will be revised to reflect the current chart of accounts and reporting parameters of the Luma system. We will be submitting an updated CAP for review and approval.

Documentation: All expenditure data and supporting documentation will be sourced directly from Luma and retained for verification.

Internal Controls and Training: ICBVI will continue to improve its internal control procedures to include periodic training and cross-training on compliance requirements, ensuring reviews are substantive and error detection is robust. ICBVI will also seek further guidance from the federal grantor and will document all correspondence and remedial efforts.

Anticipated Corrective Action Date: 1-15-26

Responsible for Corrective Action: Corey Bresina, Administrative Services Manager, 208-639-8369, cbresina@icbvi.idaho.gov

Finding 2024-201: Multiple errors were identified in the amounts reported on the Rehabilitation Services Administration (RSA) reports required for the Rehabilitation Services-Vocational Rehabilitation Grants to States.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: These errors in quarterly and final RSA-17 reports are acknowledged, and immediate measures are being taken to address root causes:

Accurate Financial Reporting: ICBVI will develop detailed procedures to ensure all amounts reported on federal forms are reconciled to supporting documentation in the accounting system (Luma) prior to submission.

Review and Oversight: A two-person review process will be formalized, ensuring every report is checked for accuracy by a knowledgeable reviewer before submission.

Documentation and Training: Supporting documentation for all line items will be archived securely. Staff will receive training in federal grant reporting standards.

Anticipated Corrective Action Date: 1-15-26

Responsible for Corrective Action: Corey Bresina, Administrative Services Manager, 208-639-8369, cbresina@icbvi.idaho.gov

Finding 2024-202: The Cost Allocation Plan (CAP) used in fiscal year 2024 was not approved by the RSA as required and contained multiple errors.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: ICBVI recognizes it did not submit its Cost Allocation Plan for annual recertification as required and that the CAP contained errors due to transition challenges with the new accounting software (Luma).

CAP Update and Approval: The CAP will be revised to reflect the current chart of accounts and reporting parameters of the Luma system. We have a meeting scheduled with the Director of the Indirect Cost Division at the US Dept of Education on 12/10/25. We will be submitting an updated CAP for review and approval. Annual submission for federal recertification will be scheduled and tracked.

Documentation: All expenditure data and supporting documentation will be sourced directly from Luma and retained for verification

Anticipated Corrective Action Date: 1-15-26

Responsible for Corrective Action: Corey Bresina, Administrative Services Manager, 208-639-8369, cbresina@icbvi.idaho.gov

Finding 2024-203: The Commission is not following Idaho Administrative Rules for Purchasing as required for compliance with the requirements applicable to the Rehabilitation Services-Vocational Rehabilitation Grants to States program.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: ICBVI acknowledges the failure to document compliance with state procurement policies for select vendors.

Policy Clarification: ICBVI will ensure future purchases above the threshold are fully documented in accordance with state requirements.

Procedural Update: A procurement checklist and documentation template will be added to internal controls to support purchases subject to state policy. We have a training setup with DOP on 12/18/25 to help with correcting this deficiency. Upon completion of this training, we will conduct comprehensive internal training for all ICBVI staff to ensure consistent understanding and compliance with state procurement requirements.

Anticipated Corrective Action Date: 12-31-25

Responsible for Corrective Action: Angela Starr, Office Services Supervisor, 208-639-8374, astarr@icbvi.idaho.gov

Finding 2024-204: The Commission did not verify that vendors were not suspended or debarred prior to making federal grant payments.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: ICBVI recognizes the absence of vendor suspension/debarment verifications prior to payment.

Verification Process: Procedures will be put in place to check applicable vendors against the SAM.gov database on an annual basis. Documentation of each check will be retained and periodically reviewed.

Staff Training: Relevant staff will be trained on suspension/debarment requirements, and responsibility for checks will be clearly assigned.

Anticipated Corrective Action Date: 12-15-25

Responsible for Corrective Action: Laura Cortazar, Financial Technician, 208-639-8376, Laura.Cortazar@icbvi.idaho.gov

Finding 2024-205: The Commission could not provide documentation to support the review of the Schedule of Expenditures of Federal Awards (SEFA) Closing Package.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: ICBVI acknowledges that it did not document the review process for the SEFA closing package.

Review Documentation: Procedures will be implemented requiring a documented review prior to submission, with signatures from both preparer and reviewer and archiving of supporting schedules.

Procedural Update: We will ensure that the preparer and reviewer/approver are assigned to different individuals for closing packages going forward. This separation of duties will be incorporated into our procedures to strengthen internal controls and enhance the accuracy and integrity of our financial reporting.

Anticipated Corrective Action Date: 12-15-25

Responsible for Corrective Action: Corey Bresina, Administrative Services Manager, 208-639-8369, cbresina@icbvi.idaho.gov

Department of Commerce

Finding 2024-206: The Department did not complete required reports for the Federal Funding Accountability and Transparency Act (FFATA)

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan:

Multiple RFPs were issued to obtain subject matter experts support for Grant Accounting Support and Grant Administration Support. Internal discussions determined the need for more accounting, administration, and grant management support. Below is our status for support through public procurement.

- a. The Grant Accounting support was awarded October 2025.
 - b. Procurement of Grant Administration support is in the end stages of award.
2. Updated Procedures (Implemented – April 2025)
- a. The Department has updated its Notice of Award procedures to explicitly include FFATA reporting as a required step once a Federal grant agreement is fully executed. This requirement is now documented in agency procedures, internal checklists, and award processing workflows.
3. Assignment of Responsibility (Implemented – April 2025)
- a. Responsibility for FFATA compliance has been formally assigned to the Grants and Contracts Officer with the contracted administrative grant support, with assistance provided from the contracted accounting support when necessary. Their duties now include:
 - i. Completing required FFATA submissions following award execution, and
 - ii. The process has now been added to our internal processes and procedures and updated with staff.

4. Quarterly Monitoring and Verification (April - 2025)
 - a. To prevent recurrence, Grants and Contracts Officer will conduct a quarterly review of all Federal Grant programs to ensure:
 - i. All applicable awards are listed in the FFATA,
 - ii. No required submissions have been omitted.
 - iii. Any discrepancies are corrected promptly.
 - iv. These quarterly reviews will be documented and retained for audit and internal monitoring purposes.

5. Training and Staff Communication (In Progress — Completion in February 2026)
 - a. Training began in April 2025 and was expanded in October 2025 with support from our Grant Accounting Contractor. The contractor assists in finalizing accounting, reporting, and compliance with OMB guidance. They provide training, updated procedures, and staff guidance. Updated procedures and training will be completed in conjunction with our contractor's subject matter expertise.

Updated policies, training materials, and procedural guidance will be completed and fully implemented in February 2026, with training documented and provided to all Grants and Contracts Officers, contracted services, and relevant program personnel. The training includes but is not limited to:

- a. All Federal reporting requirements (including FFATA)
- b. Applicable CFR compliance obligations.

Newly implemented internal controls and review procedures.

Anticipated Corrective Action Date: February 2026

Responsible for Corrective Action: Ewa Szewczyk
Compliance Manager
Idaho Department of Commerce
Email: ewa.szewczyk@commerce.idaho.gov
Phone: 208-287-0784

Office of the State Controller

Finding 2024-207:

The summary schedule of prior findings required by *Uniform Guidance* did not accurately include all information required by section 2 CFR 200 511(b).

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan:

The State Controller's Office acknowledges and agrees with this finding. The office will work closer with the agencies to ensure we get the same information provided to the auditors and have the correct statuses along with the needed information when not corrected. The office will also dedicate a position to the findings follow up and corrective action plans from other agencies.

Anticipated Corrective Action Date:

The State Controller's Office will complete the corrective actions by June 30, 2025.

Responsible for Corrective Action: Tiffini LeJeune

Phone: 208-334-3100
tlejeune@sco.idaho.gov
700 West State St., Fl. 5
Boise, ID 83720

Department Education

Finding 2024-208: The Department does not have documented internal controls for the Title I Grants to Local Educational Agencies (Title I) annual allocation process.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: Immediately following discussions with the auditors on site, allocations, earmarking, and eligibility summary reports were generated as companions to the regular Title I-A allocations process. These three documents are printed, reviewed by the Federal Programs Director, signed and dated by both the Financial Specialist, Principal and Director, then scanned and uploaded to the shared Department drive. This process is completed with both preliminary allocations and final allocations after LEAs have had the opportunity to complete new and significant expansion-related data uploads, if applicable.

Anticipated Corrective Action Date: Fall 2025

Responsible for Corrective Action:

Gideon Tolman
Chief Financial Officer
gtolman@sde.idaho.gov
208-332-6874

Finding 2024-209: The Department does not have documented internal controls for the Title I Grants to Local Educational Agencies (Title I) Assessment and Integrity Guide.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: The Assessment and Accountability team has implemented a process whereby the staff documents their approval in writing, and then the Director documents her approval in writing as well. Those approvals were taking place previously, and now there is a formalized, written process.

Anticipated Corrective Action Date: Fall 2025

Responsible for Corrective Action:

Gideon Tolman
Chief Financial Officer
gtolman@sde.idaho.gov
208-332-6874

Finding 2024-210: The Department did not complete sufficient subrecipient monitoring for the Individuals with Disabilities Education Act (IDEA) program during fiscal year 2024.

Related to Prior Finding: N/A

Agency's view: Disagree

Corrective Action Plan: Although the Department agrees that not as many LEAs were monitored as might normally be in a given year, the Department is on track to have monitoring activities completed for all LEAs within the five-year cycle and in accordance with the US Department of Education's six-year cycle. There is no statute that states a certain amount of monitoring must take place each year. Rather, states are required to monitor all LEAs within a six-year period. In Office of Special Education Programs (OSEP) QA 23-01, State General Supervision Responsibilities under Parts B and C of the IDEA, it states: "States should ensure all LEAs or EIS programs are monitored at least once within the six-year cycle of the State's SPP/APR, presumptively implementing a reasonable timeframe for monitoring." (See also Q A-11). The special education fiscal monitoring process includes robust written policies and procedures to meet federal requirements, and the Department underwent thorough federal on-site monitoring by OSEP in FY 2024 and passed without any fiscal findings. The LEA fiscal monitoring is assigned and takes place throughout the state fiscal year. The Department has completed or is in the process of completing 88 LEA monitors for the first three years in the cycle before the end of calendar year 2025. Corrective actions will be forthcoming, and LEAs have 365 days to complete any state monitoring and enforcement corrective actions under 34 CFR 300.600(e). This program-specific rule complements the Uniform Grant Guidance of 2 CFR 200.332(d) in which passthrough entities (SEAs) "must ensure subrecipients take 'timely and appropriate action' to correct deficiencies." The Department is currently transitioning to year four of the five-year cycle for FY 2025-26 (reviewing FY 2024-25 records). With the support of five contracted staff, 60 LEAs are scheduled between December 2025 and June 2026 to review FY 2024-25 fiscal records (made available in November 2025 when CPA audits are due to the state). The Department is also continuing to close out corrective action plans for LEAs from prior reviews. Year five (FY 2026-27) of the cycle will evaluate the FY 2025-26 fiscal records of remaining LEAs. Those LEAs will not be available to monitor until November 2026 when LEA CPA audits are finalized and available. The Department will conduct those reviews in FY 2026-27 (after November 2026). The Department will continue to conduct other monitoring activities throughout the year for all LEAs including through claim reimbursement reviews, the annual IDEA Part B Application, and the risk assessment activities in alignment with Idaho's Special Education System of General Supervision.

Anticipated Corrective Action Date: Fall 2025

Responsible for Corrective Action:

Gideon Tolman
Chief Financial Officer
gtolman@sde.idaho.gov
208-332-6874

Department of Environmental Quality

Finding 2024-211: The Department did not consistently document compliance with federal suspension and debarment requirements for the Coronavirus State and Local Fiscal Recovery Funds program.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan:

DEQ has had significant turnover in the fiscal office, which has resulted in gaps of knowledge of policies and practices. In summer 2025, DEQ leadership reorganized the fiscal department to improve efficiency, enhance oversight of grants and contracts, and strengthen financial controls. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures, including those for federal grant compliance.

The agency utilizes a routing slip or checklist that includes a suspension and debarment check, which will be used and reviewed prior to entering into a covered transaction. This check will be done regardless of whether the solicitation is through our Department, or the State Division of Purchasing.

Anticipated Corrective Action Date: December 31, 2025.

Responsible for Corrective Action: Linda Brown, Financial Executive Officer, at 208-373-0292 or linda.brown@deq.idaho.gov

Finding 2024-212: The Department's Indirect Cost Rate Proposal (ICRP) contained multiple errors.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: DEQ has had significant turnover in the fiscal office, which has resulted in gaps of knowledge of policies and practices. In summer 2025, DEQ leadership reorganized the fiscal department to improve efficiency, enhance oversight of grants and contracts, and strengthen financial controls. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures, including those for federal grant compliance.

The agency has new staff that will be preparing and submitting the indirect cost rate proposal this year and will take the auditor's recommendations very seriously in our development and preparation. We have reached out to our federal oversight agency for assistance and direction and are committed to maintaining a file with all supporting documentation used to compile and prepare the proposal, as required by 2 CFR 200.

Anticipated Corrective Action Date: January 31, 2026

Responsible for Corrective Action: Linda Brown, Financial Executive Officer, at 208-373-0292 or linda.brown@deq.idaho.gov

Finding 2024-213: The Department did not have documentation to support the verification that grant subrecipients were not suspended or debarred.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: DEQ has had significant turnover in the fiscal office, which has resulted in gaps of knowledge of policies and practices. In summer 2025, DEQ leadership reorganized the fiscal department to improve efficiency, enhance oversight of grants and contracts, and strengthen financial controls. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures. Along with these changes, the grants and contracts teams have been combined to help with oversight and consistency. This is particularly valuable when contracting or procuring goods or services with grant or federal funds. The agency utilizes a routing slip or checklist that includes a suspension and debarment check, which will be used and reviewed prior to entering into a covered transaction. This check will be done, and documented, regardless of whether the solicitation is through our Department, or the State Division of Purchasing.

Anticipated Corrective Action Date: December 31, 2025.

Responsible for Corrective Action: Linda Brown, Financial Executive Officer, at 208-373-0292 or linda.brown@deq.idaho.gov

Finding 2024-214: The Department does not have documented internal controls for cash draws and requested reimbursement for the same \$175,500 grant expenditure twice.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: DEQ has had significant turnover in the fiscal office, which has resulted in gaps of knowledge of policies and practices. In summer 2025, DEQ leadership reorganized the fiscal department to improve efficiency, enhance oversight of grants and contracts, and strengthen financial controls. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures, including those for federal grant compliance. The duplicate payment in question was issued but not redeemed. The issuance was to a similar, but incorrect, vendor name and was caught by staff before it was sent to the vendor. The transaction was cancelled in Luma but was not properly recorded in the following draw request. Fiscal staff now perform a thorough review of transactions before a loan draw is finalized in Luma, reconciling the transactions from the Loans and Grants Tracking System (LGTS) to the information generated in the Luma draw invoice. The reconciling and supporting documentation from LGTS is attached to the Luma draw invoice.

Anticipated Corrective Action Date: January 31, 2026

Responsible for Corrective Action: Linda Brown, Financial Executive Officer, at 208-373-0292 or linda.brown@deq.idaho.gov

Finding 2024-215: The Department did not document subrecipient risk assessments or ensure subrecipient audits were received for the Coronavirus State and Local Fiscal Recovery Fund.

Related to Prior Finding: 2023-206

Agency's view: Agree

Corrective Action Plan: DEQ has had significant turnover in the fiscal office, which has resulted in gaps of knowledge of policies and practices. In summer 2025, DEQ leadership reorganized the fiscal department to improve efficiency, enhance oversight of grants and contracts, and strengthen financial controls. The fiscal office is currently in a rebuilding phase and is dedicated to training and developing staff, implementing best practices, and documenting processes and procedures. Along with these changes, the grants and contracts teams have been combined to help with oversight and consistency. This is particularly valuable when contracting or procuring goods or services with grant or federal funds. The Department created a Subrecipient Monitoring Policy that will be implemented by the end of this calendar year, December 31, 2025. This policy includes a risk assessment checklist that will be used prior to issuing a subaward. The results of the risk assessment, the overall risk level, and the level of monitoring will be included in the subaward agreement. The risk assessment and the process will be documented with each subaward request.

Anticipated Corrective Action Date: December 31, 2025

Responsible for Corrective Action: Linda Brown, Financial Executive Officer, at 208-373-0292 or linda.brown@deq.idaho.gov

Division of Financial Management

Finding 2024-216: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) project and expenditure reports (P&E) contained material overstatements.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan:

DFM is currently training other staff members to add to the bench of support for SLFRF quarterly reporting. This training includes matching expenditures in Luma. We are also going to engage with SCO to see if we can get a report built to identify agency expenditures and match them to the reports provided by the agencies. Additionally, we will continue to work with the US Treasury to see if we can update previous reporting periods.

Anticipated Corrective Action Date: June 30, 2026.

Responsible for Corrective Action:

Justin Collins
Deputy Administrator | State Financial Officer
Phone: (208) 854-3063
Email: Justin.Collins@dfm.idaho.gov

304 N 8th Street, Fl. 3
Boise, ID 83720

Department of Health and Welfare

Finding 2024-217: The Department lacked documentation to support continued eligibility for providers within the Medicaid program.

Agency's View: The Department Agrees with this Finding

Corrective Action: As part of the Provider Enrollment project, the division will audit provider payments starting in 2026. The health plans will be required to validate that the providers are fully enrolled with Medicaid prior to enrolling with the health plan in early 2026. These audits will begin in May 2026 and continue through the end of the year depending on when provider reports are due to Medicaid. This is also part of the Corrective Action Plan mentioned in finding #5. The information required to validate that no payment was made inappropriately is part of the audits that will be conducted this year with the provider rosters.

Anticipated Corrective Action Date: 12/31/2026

Responsible for Corrective Action: Alex Scott, Program Bureau Chief, Medicaid
alex.scott@dhw.idaho.gov 208-364-1928

Finding 2024-218: The Department did not ensure compliance with federal requirements that Managed Care Organizations (MCO) were submitting provider roster reports annually to verify that all providers are properly licensed and in good standing.

Agency's View: The Department Agrees with this Finding.

Corrective Action: Starting early 2026 most providers will be required to enroll with Medicaid prior to enrollment with the health plans. Health plans have been receiving a daily file with the provider enrollment information and are working on their own system changes to intake that information. This is part of the Corrective Action Plan that is mentioned in finding #5. The report trackers that the Medicaid teams use will document when these reports are received, whether or not they meet metric criteria. The audit of those provider rosters will occur annually.

Anticipated Corrective Action Date: 5/31/2026

Responsible for Corrective Action: Alex Scott, Program Bureau Chief, Medicaid
alex.scott@dhw.idaho.gov 208-364-1928

Finding 2024-219:

The Medicaid Enterprise System was not properly updated for members deemed ineligible, resulting in capitation payments issued to Managed Care Organizations for ineligible members within the Medicaid program.

Related to Prior Finding: N/A

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

Corrective Action Plan:

Medicaid recognizes that this appears to be an interface issue with Self Reliance, and their inability to send correct eligibility records to Medicaid in certain instances. Medicaid will investigate and work with Self Reliance to mitigate these issues while working through our new system implementations and interfaces. Self-Reliance is looking at the issue to identify root causes and will work closely with MC to determine next steps to implement. System integration is expected in 2028. In the interim, we'll identify issues and develop implementation strategies by 2027. Strategies will align with system updates and builds for both Self-Reliance and Medicaid.

Anticipated Corrective Action Date:

07/31/2026

Responsible for Corrective Action:

Matt Clark, Programs Bureau Chief, Medicaid
matthew.clark2@dhw.idaho.gov 208-332-7979

Finding 2024-220:

The expenditures reported on the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program form (CMS-64) were understated by \$16,348,275 for the Medicaid program.

Agency's View: Agree

Corrective Action: As noted in the finding, the late submission and understated expenditures were primarily the result of the Luma system implementation and the unavailability of required data for CMS reporting. During the development phase, concerns were raised regarding the system's ability to meet federal reporting requirements—specifically the CMS-64 and CMS-21 reports for Medicaid. The Budget Team requested sample output reports to proactively update workpapers and ensure accurate and timely reporting; however, these requests were not fulfilled.

During the delay in timely reporting, DHW maintained ongoing communication with our federal partners. The Budget Team developed the necessary reports and revised internal processes to bring reporting current. The Budget Team also worked closely with our federal auditors to ensure no reporting elements were inadvertently omitted. During this review, we identified that our initial submission excluded indirect expenditures associated with the federally approved Cost Allocation Plan. This allocation process cannot be completed within Luma and requires coordination among the State Controller's Office, two external vendors, and the Cost Allocation Budget Analyst. These dependencies created significant delays. As a result, indirect cost allocation charges were substantially delayed, and the first successful import for July 2023 did not occur until November 2023.

Upon receiving the complete data, the Reporting Team corrected the process, documented the updates, and submitted a prior period adjustment to capture previously under-reported expenditures.

As we entered SFY 2025, we had a more comprehensive understanding of the new processes and required timelines. This resulted in improved timeliness: the December 2024 submission was five days late submitted 2/4/25, the March 2025 submission was two days late submitted 4/30/25 and resubmitted 7/31/25, and the June 2025 submission was only one day late submitted 7/31/25. We are pleased to report that the September 2025 submission was certified on time and submitted 10/30/25. While some reporting adjustments were needed, CMS and the Budget Team collaborated effectively to update and recertify the report to ensure accuracy.

We have updated all relevant process documentation and continue to automate steps where feasible to further improve efficiency and reduce turnaround times.

Anticipated Corrective Action Date: Completed 10/30/2025

Responsible for Corrective Action: Magnum Forkner, Financial Manager
magnum.forkner@dhw.idaho.gov 208-332-7241

Finding 2024-221: The Division of Medicaid did not document the review and approval of the audited financial reports of the Managed Care Organizations (MCO).

Related to Prior Finding: 2023-224

Agency's View: The Department Agrees with this Finding.

Corrective Action: The division has signed an MOU with the Department of Insurance to review audited financial reports. The first reports will be sent to the Division of Insurance December 2025 with the exception of the Magellan report which is will be sent to the Division of Insurance in January 2026 as they are finalizing their report currently.

Anticipated Corrective Action Date: 1/31/2026

Responsible for Corrective Action: Alex Scott, Program Bureau Chief, Medicaid
alex.scott@dhw.idaho.gov 208-364-1928

Finding 2024-222: Four providers lacked documentation to support continued eligibility within the Medicaid program.

Related to Prior Finding: 2023-223

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

Corrective Action: Medicaid is currently under a Corrective Action Plan with CMS requiring all Managed Care providers to enroll with Medicaid. This project is currently underway. The initial date of completion of having all providers enroll was 12/31/2025. However, there were unforeseen system enrollment issues that delayed the project. The go live date is now April 1, 2026. Once all providers are enrolled Medicaid will audit provider rosters throughout the year to ensure those providers are in fact enrolled within Medicaid's system.

Anticipated Corrective Action Date: 10/31/2026

Responsible for Corrective Action: Alex Scott, Program Bureau Chief, Medicaid
alex.scott@dhw.idaho.gov 208-364-1928

Finding 2024-223:

The submission of a Child Care and Development Fund (CCDF) financial report used to support compliance with the Matching, Level of Effort (LOE), and Earmarking requirement was not completed timely.

Related to Prior Finding: N/A

Agency's View: Agree

Corrective Action: The Department has seen an increased time commitment related to financial grant reporting since the implementation of Luma in July 2023. This was particularly relevant in SFY 2024 as Luma implementation, training and interfaces were still evolving, resulting in a tremendous increase in time commitments without the corresponding staff increases needed. In many cases, this resulted in late filings and/or filing reports that were not reviewed in sufficient detail. The Division of Financial Services continues to work through the inefficiencies encountered and design processes that include sufficient review and other internal controls while also allowing for timely completion of required reports. One FTE was transferred from another team to the Cash and Grants team. This position is expected to assist in completing preliminary tasks so that Grant Reporters have necessary data at their fingertips when drafting financial reports. As Department staff continue to learn nuances of the Luma system, both accuracy and timeliness of financial reporting is expected to improve.

Anticipated Corrective Action Date: 6/30/2026

Responsible for Corrective Action: Dena Darpli, Financial Manager
dena.darpli@dhw.idaho.gov 208-334-4909

Finding 2024-224: Some expenditures were misclassified on the Child Care and Development Fund (CCDF) financial report resulting in an overstatement of Child Care Administration expenditures and an understatement of Direct Services.

Related to Prior Finding: N/A

Agency's View: The Department Agrees with this Finding

Corrective Action: The Department's Grant Reporting team has been developing additional internal controls to put in place with the utilization of the Luma ERP. Some of the controls include conducting reconciliations between internal workpapers and Luma records as well as reconciling to external parties such as the Payment Management System. The deeper reviews being performed during reconciliations are also highlighting areas where workpaper adjustments may be needed as some of the templates used may be outdated. We believe these increased focused efforts will alleviate issues like this in the future and are ongoing as the Department identifies opportunities for advancements in our own processes and working with SCO to implement better Luma reports and controls within the grant reconciliation process.

Anticipated Corrective Action Date: 6/30/2026

Responsible for Corrective Action: Dena Darpli, Financial Manager
dena.darpli@dhw.idaho.gov 208-334-4909

Finding 2024-225:

Amounts reported as provided to subrecipients by financial services on the Schedule of Expenditures of Federal Assistance (SEFA) are not properly supported.

Related to Prior Finding: 2023-208

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

Corrective Action Plan:

For major grants, Financial Services staff will send a summary of transactions coded as subrecipient payments to the program manager to review prior to inclusion in the SEFA closing package. The review will be requested to be twofold: to ensure that everything that should be included as a subrecipient payment is and to ensure that nothing that should not be considered a subrecipient payment is included. This process helps to identify that we are reporting the accurate amount of expenditures for each subrecipient

Anticipated Corrective Action Date:

Completed 9/5/2025

Responsible for Corrective Action:

Dena Darpli, Financial Manager
dena.darpli@dhw.idaho.gov 208-334-4909

Finding 2024-226: The Bureau of Facility Standards within the Department failed to complete timely health and safety surveys for three long-term care facilities.

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

Corrective Action: During SFY24, Bureau of Facility Standards (BFS) was still coming out of the COVID response for recertification time frames and actively recruiting new health facility surveyors to ensure proper multidisciplinary teams were available to complete the overdue surveys. BFS also contracted with Healthcare Management Solutions, LLC. to supplement overdue recertification surveys. On October 3, 2025, during the government shutdown, we were able to complete the final overdue surveys to be compliant with 15.9 months between surveys. Due to the government shutdown, CMS paused recertification surveys for nursing facilities. This may restrict our ability to maintain the required recertification timeline of 15.9 months. We have recruited and maintained staffing posture but are still actively recruiting to round out of staffing to meet the statutory timelines.

Anticipated Corrective Action Date: 10/31/2026

Responsible for Corrective Action: Nate Elkins, Programs Bureau Chief, Licensing & Certification
nate.elkins@dhw.idaho.gov 208-364-1874

Finding 2024-227: The review and approval of the annual updates to the Low-Income Home Energy Assistance Program (LIHEAP) benefits matrix were not documented.

Related to Prior Finding: 2023-211

Agency's View: The Department Agrees with this Finding

Corrective Action: A process was developed that includes obtaining and documenting approval by the Bureau Chief. This process was shared with LSO following receipt of the FY23 review findings. Supporting documents can be provided again as needed.

Anticipated Corrective Action Date: 03/06/2025

Responsible for Corrective Action: Kristin Matthews, Programs Bureau Chief, Self Reliance
kristin.matthews@dhw.idaho.gov 208-334-5553

Finding 2024-228: The review of the Low-Income Home Energy Assistance Program (LIHEAP) earmarking compliance requirements was not documented.

Related to Prior Finding: 2023-212

Agency's View: The Department Agrees with this Finding

Corrective Action: A process was developed that includes obtaining and documenting approval by the Bureau Chief. This process was shared with LSO following receipt of the FY23 review findings. Supporting documents can be provided again as needed.

Anticipated Corrective Action Date: Completed 03/25/2025

Responsible for Corrective Action: Kristin Matthews, Programs Bureau Chief, Self Reliance
kristin.matthews@dhw.idaho.gov 208-334-5553

Finding 2024-229: Low-Income Home Energy Assistance Program (LIHEAP) special reports did not include a review for accuracy and compliance prior to submission.

Related to Prior Finding: 2023-210

Agency's View: The Department Agrees with this Finding

Corrective Action: A process was developed that includes obtaining and documenting approval by the Bureau Chief. This process was shared with LSO following receipt of the FY23 review findings. Supporting documents can be provided again as needed.

Anticipated Corrective Action Date: Completed 04/08/2024

Responsible for Corrective Action: Kristin Matthews, Programs Bureau Chief, Self Reliance
kristin.matthews@dhw.idaho.gov 208-334-5553

Finding 2024-230: The Department did not provide documented support to verify the accuracy of a LIHEAP performance report.

Agency's View: The Department Agrees with this Finding

Corrective Action: A process was developed that includes obtaining and documenting approval by the Bureau Chief. This process was shared with LSO following receipt of the FY23 review findings. Supporting documents can be provided again as needed.

Anticipated Corrective Action Date: Completed 03/25/2025

Responsible for Corrective Action: Kristin Matthews, Programs Bureau Chief, Self Reliance
kristin.matthews@dhw.idaho.gov 208-334-5553

Finding 2024-231: Supporting documentation for subrecipient risk assessments for the Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises program was not available for review.

Related to Prior Finding: 2023-222

Agency's View: The Department Agrees with this Finding

Corrective Action: The Division of Public Health updates its standard operating procedures annually and communicates updates to staff. The DPH Federal Compliance Officer is conducting monthly trainings to cover all required steps in the process and will begin conducting mini audits in calendar year 2026 to ensure all steps are being followed consistently.

Anticipated Corrective Action Date: 5/1/2026

Responsible for Corrective Action: Traci Berreth, Division Administrator
traci.barreth@dhw.idaho.gov 208-334-5774

Finding 2024-232: An incorrect Federal Medical Assistance Percentage (FMAP) rate was applied while calculating the federal and state share of expenditures for the Child Care and Development Fund (CCDF) financial report resulting in an understatement of \$1,064,932 of the federal share of costs.

Agency's View: The Department Agrees with this Finding

Corrective Action: The Department's Grant Reporting team has been developing additional internal controls to put in place with the utilization of the Luma ERP. These controls include conducting reconciliations between internal workpapers and Luma records as well as reconciling to external parties such as the Payment Management System. This has streamlined our approach and has allowed management more opportunity to review items with higher risk factors, such as the quarterly change in FMAP rates during the stepdown from enhanced FMAP rates during COVID. We believe these increased focused efforts will alleviate issues like this in the future and are ongoing as the Department identifies opportunities for advancements in our own processes and working with SCO to implement better Luma reports and controls within the grant reconciliation process.

Anticipated Corrective Action Date: 6/30/2026

Responsible for Corrective Action: Dena Darpli, Financial Manager
dena.darpli@dhw.idaho.gov 208-334-4909

Finding 2024-233: The submission of a Child Care and Development Fund (CCDF) financial report was not completed timely.

Agency's View: The Department Agrees with this Finding

Corrective Action: The Department has seen an increased time commitment related to financial grant reporting since the implementation of Luma in July 2023. This was particularly relevant in SFY 2024 as Luma implementation, training and interfaces were still evolving, resulting in a tremendous increase in time commitments without the corresponding staff increases needed. In many cases, this resulted in late filings and/or filing reports that were not reviewed in sufficient detail. The Division of Financial Services continues to work through the inefficiencies encountered and design processes that include sufficient review and other internal controls while also allowing for timely completion of required reports. One FTE was transferred from another team to the Cash and Grants team. This position is expected to assist in completing preliminary tasks so that Grant Reporters have necessary data at their fingertips when drafting financial reports. As Department staff continue to learn nuances of the Luma system, both accuracy and timeliness of financial reporting is expected to improve.

Anticipated Corrective Action Date: 6/30/2026

Responsible for Corrective Action: Dena Darpli, Financial Manager
dena.darpli@dhw.idaho.gov 208-334-4909

Finding 2024-234: Payroll adjustments lacked sufficient internal controls. **Agency's View:** The Department Agrees with this Finding

Corrective Action: The department has established internal controls to ensure appropriate separation of duties and proper documentation of all reviews. When an accounting adjustment is required, staff prepare the adjustment using either an Infor Spreadsheet Designer (ISD) template or an Excel template. ISD is used for adjustments involving large volumes of data. Because ISD-generated adjustments cannot be reviewed within the system after entry, the completed template is sent to a Financial Specialist Principal (or higher) for review prior to upload. Email approval is obtained and attached to the adjustment record when it is entered into the system. For adjustments involving smaller amounts of data, staff use the Excel template. The Excel template, original GL lines, supporting documentation, and any other relevant information are attached when the adjustment is entered. After the manual adjustment is submitted, it is automatically routed to a Financial Specialist Principal (or higher) for approval before final posting. These procedures ensure that all adjustments undergo an independent review and that documentation is consistently maintained.

Anticipated Corrective Action Date: Completed July 31, 2024

Responsible for Corrective Action: Magnum Forkner, Financial Manager
magnum.forkner@dhw.idaho.gov 208-332-7241

Department of Labor

Finding 2024-235: Quarterly financial reports for the Social Security Disability (DI) grant were submitted after the required deadline.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan:

The department is taking several steps to provide for a faster month-end close:

Step 1: Process Mapping of Cost Accounting Closing

- a. As part of our strategic planning initiative, document the new closing process in Luma through process maps
- b. Review process maps internally in accounting and with executive leadership to help identify areas where efficiencies could be achieved
- c. Implement identified areas of efficiency

Step 2: Assess potential for expedited close on quarter-end months

- a. Cost Accounting manager, supervisor and financial executive officer to review calendar and timing of payroll for quarter-end closings
- b. Cost Accounting manager, supervisor, and financial executive officer to develop plans for expedited close with potential for overtime, pulling additional resources from other teams and any other options that may help shorten the close period to allow us to file quarterly federal reports timely.

Anticipated Corrective Action Date:

Step 1. a. – Create cost accounting closing process maps

- Completed August 31, 2025

Step 1. b. – Meet with executive staff to review and identify potential efficiencies

- Completed September 30, 2025

Step 1. c. – Implement process improvements

- To be completed by December 31, 2025

Step 2. a. – Meet to review payroll and closing calendar for quarter-ends and develop plan to overcome calendar issues

- Completed November 5, 2025

Step 2. b. –Implement plan to overcome calendar issues

- Begin implementing with December 31, 2025, quarter close (January 2026)

Responsible for Corrective Action: Carrie Peterman. (208) 696-2533.

Carrie.peterman@labor.idaho.gov

317 W. Main Street, Boise, ID 83735

Finding 2024-236: The review and approval of quarterly special reports for the Unemployment Insurance (UI) program were not consistently documented, and the reports were submitted after the required deadline.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: The department has taken measures to ensure proper documentation of the review process:

Step 1: Provide a designated place on the UI-3 back-up documentation and quarterly report work papers for reviewer to sign off directly in the work papers.

Step 2: The individual who enters the report into the federal system will not proceed with entering the report into the system unless the workpapers have the review and approval in the workpapers.

The department is taking several steps to provide for a faster month-end close:

Step 3: Process Mapping of Cost Accounting Closing

a. As part of our strategic planning initiative, document the new closing process in Luma through process maps

b. Review process maps internally in accounting and with executive leadership to help identify areas where efficiencies could be achieved

c. Implement identified areas of efficiency

Step 4: Assess potential for expedited close on quarter-end months

a. Cost Accounting manager, supervisor and financial executive officer to review calendar and timing of payroll for quarter-end closings

b. Cost Accounting manager, supervisor, and financial executive officer to develop plans for expedited close with potential for overtime, pulling additional resources from other teams and any other options that may help shorten the close period to allow us to file quarterly federal reports timely.

Anticipated Corrective Action Date: Step 1. – Add sign-off field to UI-3 workpapers

- Completed June 30, 2025

Step 2 – File UI-3 reports only once review is properly captured

- Completed June 30, 2025

Step 3.a. – Create cost accounting closing process maps

- Completed August 31, 2025

Step 3. b. – Meet with executive staff to review and identify potential efficiencies

- Completed September 30, 2025

Step 3. c. – Implement process improvements

- To be completed by December 31, 2025

Step 4. a. – Meet to review payroll and closing calendar for quarter-ends and develop plan to overcome calendar issues

- Completed November 5, 2025

Step 4. b. – Implement plan to overcome calendar issues

- Begin implementing with December 31, 2025, quarter close (January 2026)

Responsible for Corrective Action: Carrie Peterman. (208) 696-2533.
Carrie.peterman@labor.idaho.gov
317 W. Main Street, Boise, ID 83735

Division of Vocational Rehabilitation

Finding 2024-237: The Division could not provide supporting documentation for amounts reported on the Rehabilitation Services Administration (RSA) reports required under the Rehabilitation Services-Vocational Rehabilitation Grants to States.

Related to Prior Finding: N/A

Agency's view: Agree

1.1 Corrective Action Plan: Establish Accurate Reporting Procedures:

Develop and implement procedures for preparing, reviewing, and approving all RSA financial reports, including step-by-step reconciliation.

1.2 Ensure Documentation and Audit Trail:

Maintain comprehensive supporting documentation for all amounts reported, including detailed reconciliations, adjustments, and source data, in accordance with requirements for traceable and verifiable records.

1.3 Strengthen Internal Controls and Oversight:

Implement Strategic Leadership review of all reports prior to submission to the Rehabilitation Services Administration to confirm data accuracy and compliance with reporting requirements.

1.4 Complete a Restatement of RSA-17 Reports:

Review previously submitted RSA-17 reports for fiscal years 2022–2024, determine accurate expenditure amounts, and coordinate with RSA to correct and resubmit revised reports, if necessary.

Anticipated Corrective Action Date: [04/01/2026](#)

Responsible for Corrective Action: [Eric Bjork, Fiscal Officer](#)

Finding 2024-238: The Division did not comply with Matching, Level of Effort, and Earmarking requirements for the fiscal year 2022 Rehabilitation Services-Vocational Rehabilitation Grants to States program.

Related to Prior Finding: N/A

Agency's view: Agree

2.1 Corrective Action Plan: Develop and Implement Written Policy (Grants Management Manual Section) and Procedures:

Establish documented procedures for monitoring and validating compliance with state match funds, maintenance of effort (MOE), and earmarking requirements for each active RSA grant.

2.2 Training and Staff Accountability:

Train fiscal and leadership staff responsible on grant calculation methods, documentation standards, and compliance monitoring for matching and level of effort requirements.

2.3 Ongoing Monitoring:

Conduct annual compliance reviews before report submission to verify that all level of effort and earmarking requirements are satisfied and adequately supported.

Anticipated Corrective Action Date 04/01/2026

Responsible for Corrective Action: Eric Bjork, Fiscal Officer

Finding 2024-239: The Division does not have documented control procedures in place to ensure compliance with period of performance requirements for the Rehabilitation Services-Vocational Rehabilitation Grants to States.

Related to Prior Finding: N/A

Agency's view: Agree

3.1 Corrective Action Plan: Document Control Procedures:

Develop and implement formal, written procedures (Grants Management Manual Chapter) for verifying that expenditures are assigned to the correct period of performance in both Aware and Luma.

3.2 Training:

Train IDVR team members on policies and procedures tied to Period of Performance.

Anticipated Corrective Action Date: 04/01/2026

Responsible for Corrective Action: Eric Bjork, Fiscal Officer

Finding 2024-240: The Division is not following Idaho Administrative Rules for Purchasing as required by federal requirements.

Related to Prior Finding: N/A

Agency's view: Agree

4.1 Corrective Action Plan: Policy Alignment:

Review and revise internal procurement policies and procedures to align with IDAPA 38.05.01, 2 CFR 200.317, and 2 CFR 200.303 requirements.

4.2 Training and Awareness:

Provide training to all staff to ensure understanding of:

- 4.2.1** Purchasing thresholds and categories (small, informal, and formal purchases).
- 4.2.2** Documentation and approval requirements.
- 4.2.3** Process and documentation requirements for purchases requiring exemptions.

4.3 Internal Control Strengthening:

Develop and implement internal control mechanisms to ensure compliance with State and Federal purchasing requirements.

4.4 Monitoring and Accountability:

Establish a quality assurance and compliance monitoring process to perform monitoring of procurement transactions to verify compliance with Division policies and procedures.

Anticipated Corrective Action Date: 06/30/2026

Responsible for Corrective Action: Contracts and Vendor Relations Officer, To be Hired

Position Oversight: MiKayla Monaghan, Internal Operations and Stakeholder Relations Manager

Finding 2024-241: The Division did not verify that vendors receiving payments from the Rehabilitation Services – Vocational Rehabilitation Grants to States program, were not suspended or debarred prior to making federal grant payments.

Related to Prior Finding: N/A

Agency's view: Agree

5.1 Corrective Action Plan: Policy Development and Alignment:

Revise the Division's procurement and grant management procedures to include mandatory ongoing verification and documentation of suspension and debarment status for all vendors involved in covered transactions.

5.2 Systematic Verification Process:

Implement a standardized process to verify vendor eligibility by:

- 5.2.1** Checking the **System for Award Management (SAM.gov)** exclusion list.
- 5.2.2** Retaining a copy of the verification record or certification in the procurement or vendor file.
- 5.2.3** Incorporating a suspension/debarment verification clause into agreements, contracts, authorizations for purchase, and purchase orders.

5.3 Ongoing Monitoring:

Establish a control to periodically re-verify vendor status at least annually to identify changes in eligibility after the initial onboarding.

5.4 Training and Accountability:

Provide training to all fiscal staff on:

- 5.4.1 Federal suspension and debarment requirements.
- 5.4.2 Verification methods and documentation expectations.
- 5.4.3 Proper retention of evidence.
- 5.4.4 **Compliance Reviews:**
Implement periodic internal compliance reviews to ensure continued adherence to suspension and debarment verification requirements.

Anticipated Corrective Action Date: 04/01/2026

Responsible for Corrective Action: Eric Bjork, Fiscal Officer

Finding 2024-242: The Division did not accurately report federal grant expenditures on the Schedule of Expenditures of Federal Awards (SEFA) Closing Package.

Related to Prior Finding: N/A

Agency's view: Agree

6.1 Corrective Action Plan: Develop and Implement Written SEFA Procedures:

Create formal written procedures describing how SEFA amounts are compiled, reconciled, reviewed, and approved prior to submission within Grants Management Manual.

6.2 Strengthen Internal Controls and Oversight:

Implement internal review and approval steps that require documented verification of SEFA amounts against Luma accounting records.

6.3 Ensure Accurate Grant Coding:

Review and correct all federal grant fund transactions not assigned to specific grants, ensuring proper coding and allocation in Luma.

6.4 Training and Staff Development:

Provide training to fiscal staff on SEFA preparation, reconciliation, and documentation requirements.

6.5 Establish Continuous Monitoring:

Perform periodic reviews of federal expenditure coding and SEFA data to identify discrepancies before year-end reporting.

Anticipated Corrective Action Date: 04/01/2026

Responsible for Corrective Action: Eric Bjork, Fiscal Officer

Finding 2024-243: The Division did not properly evaluate costs related to the Rehabilitation Services-Vocational Rehabilitation Grants to States and direct costs were incorrectly recorded as indirect costs for the grant.

Related to Prior Finding: N/A

Agency's view: Agree

7.1 Corrective Action Plan: Establish and Document Clear Cost Classification Procedures:

Develop written procedures defining and distinguishing between direct and indirect costs.

7.2 Strengthen Internal Controls Over Cost Allocation:

Implement review and approval controls to verify proper cost classification before posting transactions to Luma or inclusion in the indirect cost pool.

7.3 Enhance Staff Training and Knowledge:

Provide targeted training for fiscal staff to ensure understanding of allowable cost principles and consistent application of cost classification policies.

7.4 Ensure Documentation Retention and Review:

Maintain complete documentation supporting all cost allocations, including approval records, cost pool calculations, and reconciliations.

7.5 Perform Regular Monitoring and Verification:

Conduct periodic reviews of both direct and indirect cost transactions to confirm classification accuracy and identify any required adjustments.

Anticipated Corrective Action Date: 04/01/2026

Responsible for Corrective Action: Eric Bjork, Fiscal Officer

Department of Water Resources

Finding 2024-244: The Department's original Schedule of Expenditures of Federal Awards submitted to the Office of the State Controller underreported the amount disbursed to subrecipients by \$3,500,000 under the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) program.

Related to Prior Finding: N/A

Agency's view: Agree

Corrective Action Plan: The Department will improve training and the review process for the SEFA closing package to ensure appropriate reporting of subrecipient expenditures on the SEFA. The Department will review the FY 2025 SEFA closing package that was submitted to the Office of the State Controller to ensure the appropriate subrecipient expenditures were reported.

Anticipated Corrective Action Date: November 30, 2025

Responsible for Corrective Action:

Sascha Marston
Financial Officer
(208) 287-4819
Sascha.marston@idwr.idaho.gov

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SCHEDULE OF BASIC FINANCIAL STATEMENTS
PRIOR FINDINGS**



**STATE OF IDAHO
SCHEDULE OF BASIC FINANCIAL STATEMENTS PRIOR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

STATE AGENCY	PAGE
<u>OFFICE OF THE STATE CONTROLLER</u>	
2023-101	The Office misclassified early repayments of \$51.3 million of GARVEE and TECM debt as prepaids. 181
2023-102	The Department of Health and Welfare reported Supplemental Nutrition Assistance Program (SNAP) non-cash amounts for food stamps on the Schedule of Expenditures of Federal Awards (SEFA) closing package of \$255.8 million that was not included by the Office in the financial statements. 181
2023-103	The Office’s internal review process did not prevent or detect misstatements in the statewide ACFR submitted to the auditors. 182
2022-101	The Office’s internal review process did not prevent or detect misstatements in the statewide ACFR submitted to the auditors. 182
<u>OFFICE OF THE STATE CONTROLLER, DIVISION OF STATEWIDE PAYROLL</u>	
2023-104	A reconciliation was not completed to ensure the completeness of payroll accruals included in the statewide financial statements. 183
<u>STATE DEPARTMENT OF EDUCATION</u>	
2023-105	The Department did not implement new policies and procedures to properly monitor data that supports foundation payments made to school districts and charter schools. 183
2022-103	The Department is not properly monitoring data that supports foundation payments made to school districts and charter schools. 183
<u>DIVISION OF FINANCIAL MANAGEMENT</u>	
2023-106	The Division understated the Grants Advances closing package for the American Rescue Plan Act funds by \$181 million. 185
<u>IDAHO STATE TAX COMMISSION</u>	
2023-107	The Commission’s Accounts Receivable closing package for the statewide financial statements was overstated by \$92.9 million. 186
2023-108	Monthly reconciliations of the Refund Fund were not properly completed and documented for 5 of 12 months reviewed, or 42 percent. 186
2022-105	The Commission failed to report the Idaho Tax Rebate Fund restricted cash balance of \$144.8 million and the related accounts payable liability. 80
2022-106	Documentation of internal controls is not present due to lack of control process for unscheduled sales tax distribution. 186
<u>IDAHO STATE TREASURER’S OFFICE</u>	
2023-109	The investments closing package submitted by the Office for the statewide ACFR was understated for restricted investments by \$87.7 million. 187

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SCHEDULE OF FEDERAL PRIOR FINDINGS AND
QUESTIONED COSTS**



**STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

STATE AGENCY		FEDERAL AGENCY	PAGE
<u>IDAHO DEPARTMENT OF ADMINISTRATION</u>			
2023-201	The Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) was understated by \$18 million on the Schedule of Expenditures of Federal Awards (SEFA) Closing Package.	Department of Treasury	188
<u>IDAHO COMMISSION ON AGING</u>			
2022-201	The Commission did not complete the required Federal Financial SF-425 Report for the Aging Cluster Grant program in a timely manner.	Department of Health and Human Services	79
<u>OFFICE OF THE STATE CONTROLLER</u>			
2023-202	Closing package submissions and revisions completed prior to the draft of the Schedule of Expenditures of Federal Awards (SEFA) being submitted for audit were not included in the schedule resulting in misstatements.	Various	188
<u>IDAHO DEPARTMENT OF CORRECTION</u>			
2023-203	The Schedule of Expenditures of Federal Awards (SEFA) closing package originally submitted to the Office of the State Controller did not properly report expenditures for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program.	Department of Treasury	189
<u>STATE BOARD OF EDUCATION</u>			
2023-204	The Schedule of Expenditures of Federal Awards (SEFA) closing package understated the Education Stabilization Fund - Governor's Emergency Education Relief (GEER II) by \$1,039,753 and overstated the Education Stabilization Fund – Emergency Assistance to Non-Public Schools (EANS) program by the same amount.	Department of Education	190
2021-202	The Board underreported federal expenditures by \$11,316,783 across three federal programs when completing the Schedule of Expenditures of Federal Awards (SEFA).	Department of Treasury Department of Education	190
<u>STATE DEPARTMENT OF EDUCATION</u>			
2022-205	An expenditure was made by the Department for unallowable activities from the Elementary and Secondary School Emergency Relief (ESSER) program.	Department of Education	80
<u>DEPARTMENT OF ENVIRONMENTAL QUALITY</u>			
2023-205	The Department understated total federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) closing package by \$24,824,862 and understated amounts passed through to subrecipients by \$39,901,202.	Various	190

**STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

STATE AGENCY		FEDERAL AGENCY	PAGE
2023-206	The Department did not fully disclose required information to subrecipients, document subrecipient risk assessments, or ensure subrecipient audits were received for the Coronavirus State and Local Fiscal Recovery Fund.	Department of Treasury	192
<u>IDAHO DIVISION OF FINANCIAL MANAGEMENT</u>			
2023-207	The Division overstated federal expenditures by incorrectly including \$6.6 million expended under the State Small Business Credit Initiative (SSBCI) on the Schedule of Expenditures of Federal Awards (SEFA) closing package.	Department of Treasury	193
<u>IDAHO DEPARTMENT OF HEALTH AND WELFARE</u>			
2023-208	The Schedule of Expenditures of Federal Awards (SEFA) closing package originally submitted to the Office of the State Controller (Office) included multiple errors.	Various	194
2023-209	Monthly cost allocation statistics, used to allocate indirect costs to federal grants, were not reviewed and approved by the Department.	Various	195
2023-210	Low-Income Home Energy Assistance Program (LIHEAP) performance and special reports did not include a review for accuracy and compliance prior to submission.	Department of Health and Human Services	196
2023-211	The review and approval of the annual updates to the Low-Income Home Energy Assistance Program (LIHEAP) benefits matrix were not documented.	Department of Health and Human Services	196
2023-212	The review of the Low-Income Home Energy Assistance Program (LIHEAP) earmarking compliance requirements was not documented.	Department of Health and Human Services	197
2023-213	The Department erroneously determined that two recipients of Temporary Assistance for Needy Families (TANF) funding were contractors instead of subrecipients resulting in noncompliance with the subrecipient monitoring requirements.	Department of Health and Human Services	198
2023-214	The Department did not maintain sufficient documentation to support eligibility award decisions for the Community Partners Grants within the Child Care and Development Fund (CCDF) program.	Department of Health and Human Services	198
2023-215	The Department's review of child care providers health and safety inspections for the Child Care and Development Fund (CCDF) were not completed timely.	Department of Health and Human Services	199

**STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

STATE AGENCY		FEDERAL AGENCY	PAGE
2023-216	The Department did not have appropriate documentation to support allowability of transactions for the Foster Care Title IV-E program.	Department of Health and Human Services	200
2023-217	The Department does not have documented internal controls for adjustments processed to the Foster Care - Title IV-E program.	Department of Health and Human Services	201
2023-218	The Department failed to provide necessary documentation to support the eligibility determination for two foster care providers within the Foster Care - Title IV-E program.	Department of Health and Human Services	201
2023-219	The level of effort spending requirements for the Adoption Assistance Title IV-E program were not met.	Department of Health and Human Services	202
2023-220	The Department failed to provide necessary supporting documentation for five Adoption Assistance Title IV-E eligibility determinations.	Department of Health and Human Services	203
2023-221	The Department did not review subrecipient application information for the Coronavirus State and Local Fiscal Recovery Funds at a sufficient level to identify missing information.	Department of Treasury	204
2023-222	Supporting documentation to demonstrate the completion of subrecipient risk assessments for the Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises program was not available for review.	Department of Health and Human Services	204
2023-223	Managed Care providers lacked documentation to support continued eligibility within the Medicaid Program.	Department of Health and Human Services	205
2023-224	The required audited financial reports were not collected as required to ensure compliance with the Managed Care Organization contracts.	Department of Health and Human Services	206
2022-210	The Department did not review subrecipient application information for Coronavirus State and Local Fiscal Recovery Funds at a sufficient level to identify missing information from required documentation.	Department of Treasury	204

**STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

STATE AGENCY		FEDERAL AGENCY	PAGE
2022-211	The Schedule of Expenditures of Federal Awards (SEFA) closing package originally submitted to the Office of the State Controller did not properly identify COVID-19 Emergency Acts expenditures for multiple programs.	Department of Health and Human Services Department of Agriculture Department of Education	194
2021-206	The original Schedule of Expenditures of Federal Awards submitted to the Office of the State Controller reported a total of \$104.9 million to an incorrect Assistance Listing number and understatements totaling \$71 million of pass-through amounts to subrecipients.	Department of Treasury Department of Homeland Security	194
<u>DEPARTMENT OF PARKS AND RECREATION</u>			
2023-225	Review of federal suspension and debarment status is not adequately performed or documented to demonstrate compliance with the federal requirements for the Coronavirus State and Local Fiscal Recovery Funds program.	Department of Treasury	207
<u>IDAHO TRANSPORTATION DEPARTMENT</u>			
2023-226	The Department did not develop and execute a Value Engineering work plan in compliance with the regulations for the federal Highway Planning and Construction grant.	Department of Transportation	207

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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





*Summary Schedule of Prior Audit Findings - ACFR
For the fiscal year ended June 30, 2024*

Office of the State Controller

Finding Number 2023-101: The Office misclassified early repayments of \$51.271 million of GARVEE and TECM debt as prepaids.

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action:

Corrective Action Taken: The office updated the task instructions as well as the closing package instructions to ensure this does not happen again. We also watch for descriptions that may fall under this in the prepaid closing package.

Action Date: June 30, 2024 reporting period.

Responsible for Corrective Action: Name: Tiffini LeJeune
Title: Reporting and Review Bureau Chief
Phone: (208) 334-3100
email: TLejeune@sco.idaho.gov

Finding Number 2023-102: The Department of Health and Welfare reported Supplemental Nutrition Assistance Program (SNAP) non-cash amounts for food stamps on the Schedule of Expenditures of Federal Awards (SEFA) closing package of \$255,790,543 that was not included by the Office in the financial statements.

Related to Prior Finding: N/A

Current Status: Not Corrected.

Corrective Action Taken: Moved this to be processed as a closing package 23, but was missed for the FY2024 audit. Developed an analysis specific to the SNAP non-cash as part of the SEFA task checklist. This will involve running a query for the current and two prior fiscal years and ensuring the variance from year to year is within a reasonable range. In addition, we will require the entry to be done where the other miscellaneous entries are entered and processed.

Anticipated Corrective Action Date: June 30, 2025

Reason for Recurrence: Measures were still not followed. Further process changes have been implemented.

Responsible for Corrective Action: Name: Tiffini LeJeune
Title: Reporting and Review Bureau Chief
Phone: (208) 334-3100
email: TLejeune@sco.idaho.gov

Finding Number 2023-103: The Office's internal review process did not prevent or detect misstatements in the statewide ACFR submitted to the auditors.

Related to Prior Finding: 2022-101

Current Status: Corrected

Planned Corrective Action: The State Controller's Office acknowledges the misstatements and presentation errors identified by the auditors. Most errors were corrected prior to the issuance of the financial statements. The office will continue to evaluate and make improvements to the internal review procedures. The office will be working with the entities that provide us audited financial statements to ensure that we are provided with a final audit along with all the data that is required by GASB to be presented in the statements. If there are drafts, we will implement a compare process to ensure we catch any changes. Our team will review GASB guidance and take opportunities for training when available. We will be implementing the use of task checklists and prior year findings, to ensure a complete and timely review of the notes.

Corrective Action Taken: The office was able to work with the entities that provide audited financial statements and receive more final drafts of the audits to ensure we were using the most correct information to begin with. The office also revamped the compilation and review process with the decommissioning of legacy systems, such as having all data in one system and recreating previous queries to ensure we were getting the correct data.

Corrective Action Date: June 30, 2024 reporting period.

Responsible for Corrective Action: Name: Tiffini LeJeune

Title: Reporting and Review Bureau Chief
Phone: (208) 334-3100
email: TLejeune@sco.idaho.gov

Finding Number 2023-104: A reconciliation was not completed to ensure the completeness of Payroll accruals included in the statewide financial statements.

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: The State Controller's Office agrees with this finding. The office makes journal entries to record year-end payroll accruals for the portion of June payroll that was paid out in July. The audit noted no reconciliation was performed to ensure the completeness of the payroll accrual amounts. Due to the transition to a new enterprise resource planning system, the assertion was that there were no queries to reconcile between the Human Capital Management module and the Financial Services Module is inaccurate. The State Controller's Office did create detailed reports that required additional knowledge and expertise to isolate the exact information needed to reconcile.

Our corrective action plan is to improve the queries and reports available prior to the end of the fiscal year. As the upcoming year transition will occur within a singular system, we fully expect this to be a minor task with suitable reporting available. We will then accomplish the reconciliation and document the completion.

Corrective Action Taken: Reports and reconciliation are in development.

Anticipated Corrective Action Date: June 30, 2025

Reason for Recurrence: Steps have been taken to address the issue, but implementation occurred in fiscal year 2025, therefore the finding was not corrected for fiscal year 2024.

Responsible for Corrective Action: Name: Scott Smith
Title: Deputy Controller
Phone: (208) 334-3100
email: ssmith@sco.idaho.gov

Idaho Transportation Department

Finding Number 2023-105: The Department did not implement new policies and procedures to properly monitor data that supports foundation payments made to school districts and charter schools.

Related to Prior Finding: 2022-103

Current Status: Partially Corrected

Planned Corrective Action: The Public School Finance team implemented a Letter of Assurance completed by school auditors acknowledging the review of auditing recommendations set forth in the annual memo. This document outlines key areas of focus and provides reassurance that these areas are being reviewed. Specifically, a question is included asking if auditors reviewed internal controls for data submission and verified the accuracy of staffing and student information submitted by schools during the period of audit. A timeline of that process is immediately below:

- March 2, 2023: Notified school districts and charter schools during the annual spring training of the finding and that a Letter of Assurance would be requested from their auditor.
- May 2023: Department staff member working on this project transferred to another state agency.
- June 29, 2023: Mailed a 14-page “CPA Memo” to all auditors who had completed public school audits in the prior school year outlining major areas that each auditor should be reviewing and testing during audits of Idaho’s public schools.
- June 29, 2023: That same “CPA Memo” was emailed to all auditors (whose email addresses we had) as well as all school district and charter school business managers.
- September 2023: Drafted the Letter of Assurance language.
- September 13 and 15, 2023: Had discussions with school auditors who provide services to several schools on the purpose/goal of the Letter of Assurance and received their feedback.
- September 15, 2023: Emailed Letter of Assurance to school auditors (whose addresses we had).
- September 18, 2023: Mailed the Letter of Assurance to all school auditors.
- October 4, 2023: Shared/discussed the Letter of Assurance with the school district and charter school staff attending the monthly School Business Official webinar.
 - The agenda for the meeting, which included the actual Letter of Assurance, was shared with all school business managers.
 - A recording of the webinar is available to all business managers.
- December 8, 2023: Updated the Letter of Assurance for FY 2024 to specifically include a statement that internal controls for data submission were reviewed.
- December 8, 2023: Have received the majority of the requested Letter of Assurances.

While Public School Finance staff review the audits submitted, the Department of Education will develop an additional deeper review of a small sample of district/charter school audits to verify accuracy of data reporting.

The Department's FY 2025 budget request includes a new position whose focus would be data validation and ensuring students are accounted for properly through working with Idaho's public schools and school auditors.

In the spring of 2024, Department staff will request the audit workpapers from a small sample of school districts and charter schools to do a deeper review and verify that items included in the Letter of Assurance were reviewed and documented.

Corrective Action Taken: In addition to implementing the letters of assurance and the other 2023 items listed above, the Department was appropriated an auditor position and is in the process of filling that position.

Anticipated Corrective Action Date: FY 2025

Reason for Recurrence: Had to wait for legislative approval of another position.

Responsible for Corrective Action: Name: Gideon Tolman
Title: Chief Financial Officer
Email: gtolman@sde.daho.gov
phone: (208) 332-6874

Idaho Division of Financial Management

Finding Number 2023-106: The Division understated the Grants Advances closing package for the American Rescue Plan Act funds by \$181 million.

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: The agency submitted the grants package initially and had to make corrections to the report after this initial submission. We appreciate both LSO and SCO for working with DFM to ensure the correction was made in a timely fashion prior to issuance of the public financial statement. A weakness in internal controls prevented the identification of the error prior to the initial submission. While this technical error did not result in any funds being available to any agencies in error, DFM agrees that it is paramount that correct information be reported on all financial statements to ensure public confidence in state government. DFM will work with SCO for the necessary training on the grants package to remedy this internal control weakness prior to the next submission.

Corrective Action Taken: DFM worked closely with SCO to determine other agencies' cash balances and added it to DFM's ending cash to correct this error in the final ACFR submission for FY25.

Reason for Recurrence: With significant turnover at DFM, it was initially assumed that agencies who receive ARPA SLFRF funds would report on their own grant advance closing packages.

Anticipated Corrective Action Date: June 30, 2025.

Responsible for Corrective Action: Justin Collins
Deputy Administrator | State Financial Officer
Phone: (208) 854-3063
Email: Justin.Collins@dfm.idaho.gov

Idaho State Tax Commission

Finding Number 2023-107: The Commission's Accounts Receivable closing package for the statewide financial statements was overstated by \$92.9 million.

Related to Prior Finding: N/A

Current Status: Partially Corrected

Planned Corrective Action: Strengthen internal control procedures to ensure the accounts receivable closing package submitted for ACFR is accurate and complete. Create an internal review process and audit activities to assist with this process.

Corrective Action Taken: Through LUMA implementation, the Commission redesigned the accounts receivable closing package, the process, and the backup documentation. For FY24, the LUMA process incorporated dimensional data that was previously limited in legacy systems which allowed for improved transparency. Additionally, the agency added a third level of review to enhance audit activities and assist with accuracy.

Corrective Action Date: October 31, 2024

Responsible for Corrective Action: Name: Jena Antrim
Title: Financial Specialist, Principal
Email: jena.antrim@tax.idaho.gov
phone: (208) 332-6665

Finding Number 2023-108: Monthly reconciliations of the Refund Fund were not properly completed and documented for 5 of 12 months reviewed, or 42 percent.

Related to Prior Finding: 2022-106

Corrective Status: Corrected

Planned Corrective Action: Strengthen controls and create documentation of control activities performed for the Refund Fund. Segregation of duties are in place to assist with this process.

Corrective Action Taken: Beginning April 2024, a reconciliation within LUMA comparing Cash to the General Ledger was implemented. This process was added to the master checklist, which is completed daily by a Financial Specialist, Senior and approved by a Financial Specialist, Principal to maintain separation of duties.

Corrective Action Date: April 23, 2024

Responsible for Corrective Action: Name: Jena Antrim
Title: Financial Specialist, SR
Email: jena.antrim@tax.idaho.gov
Phone: (208) 332-6665

Office of the State Treasurer

Finding Number 2023-109: The investments closing package submitted by the Office for the statewide ACFR was understated for restricted investments by \$87,710,000.

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: Typically, the Treasurer’s Office has the opportunity to review any discrepancies prior to the final submission to the State Controller’s Office. Our current internal review process has worked well, but the Luma transition put an increased workload on staff during the period that closing packages were prepared, limiting the ability for a more thorough review before the due dates. The understated amount for restricted investments was corrected prior to issuance of the financial statements, so no additional action is necessary.

Even though this year was out of the ordinary, we will evaluate the process to determine if any improvements to the internal review for closing packages is needed.

Corrective Action Taken: The finding was corrected prior to the issuance of the financial statements, so no additional action was necessary.

Corrective Action Date: June 30, 2024.

Responsible for Corrective Action: Name: Laura Steffler
Title: Chief Deputy Treasurer
Email: laura.steffler@sto.idaho.gov
Phone: (208) 332-2999

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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





*Prior Findings Follow-up - Single Audit
For the fiscal year ended June 30, 2023*

Idaho Department of Administration

Finding Number 2023-201: The Coronavirus State and Local Fiscal Recover Fund (CSLFRF) was understated by \$18 million on the Schedule of Expenditures of Federal Awards (SEFA) closing Package.

Federal Programs: 21.027 – Coronavirus State and Local Fiscal Recovery Fund

Related to Prior Finding: N/A

Current Status: Partially Corrected

Planned Corrective Action: Prior to the issuance of this memo, the Department transferred the remaining \$6,969,325.15 of CSLFRF funds into a separate reporting program. The Department will process quarterly reconciliations utilizing the quarterly reports from the insurance carrier. These transactions will then be queried each year, similar to other federal funding sources, and reported on the SEFA. Future federal awards will be deposited into a federal funding source or clearly delineated from non-federal funding sources to ensure proper reporting on the SEFA.

Corrective Action Taken: A reconciliation happened after the end of FY24, it was still within the time frame to be included in the FY24 SEFA.

Anticipated Corrective Action Date: Fiscal year 2025 reporting.

Responsible for Corrective Action: Glinda Smith, Chief Financial Officer
Glinda.Smith@adm.idaho.gov
208-332-1815

Idaho Office of the State Controller

Finding Number 2023-202: Closing package submissions and revisions completed prior to the draft of the Schedule of Expenditures of Federal Awards (SEFA) being submitted for audit were not included in the schedule resulting in misstatements.

Federal Programs: 21.027 – Coronavirus State and Local Fiscal Recovery Fund; 93.778 – Medical Assistance Program; 93.767 – Children’s Health Insurance Program

Related to Prior Finding: N/A

Current Status: Corrected.

Planned Corrective Action: An agency submitted a revised SEFA template in November 2023. We inadvertently excluded those revisions from the draft of the SEFA provided for audit. To prevent this error from happening again, we will document each agency that submits a revised SEFA template(s) on our SEFA review checklist. This will require the preparer and reviewer(s) to verify and sign off on changes made to the SEFA master file.

Corrective Action Taken: We have reviewed new submissions and included in the final submission.

Anticipated Corrective Action Date: Fiscal year 2024.

Responsible for Corrective Action: Tiffini LeJeune, Reporting and Review Bureau Chief
TLeJeune@sco.idaho.gov
208-334-3100

Idaho Department of Correction

Finding Number 2023-203: The Schedule of Expenditures of Federal Awards (SEFA) closing package originally submitted to the Office of the State Controller did not properly report expenditures for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program.

Federal Programs: 21.027 – Coronavirus State and Local Fiscal Recovery Fund

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: After management review the department will improve training and process review of preparation of the SEFA closing package to ensure all amounts are correctly reported. This lack of understanding of the SEFA was due to staff turnover and lack of subject matter experts regarding the SEFA for Fiscal Year 2023.

The agency will implement the following to fix this issue:

- a) Financial Manager (or delegate) expenditure detail report shall include grant fund 344 (ARPA grants), 348 fund (grants), and any additional funds designated by the legislature or agency, for the specific purpose of tracking federal grant funding.
- b) Once prepared by the Financial Manager (or delegate), review of the SEFA by the Financial Officer for completeness, verifying all required grant federal funds appropriated to the agency are included on the SEFA closing package.
- c) Financial Manager and Financial Officer meet to review the SEFA for agreement of grant expenditure amounts reported on the SEFA.

Corrective Action Taken: Action to correct was implemented August 2025 per the Corrective Action

stated below. Before the ACFR Closing Package Schedule 19 Schedule of Expenditures of Federal Awards was approved and sent to SCO. Daniel Hansen, IDOC's Budget Manager, appointed by Chris Bray IDOC Financial Executive Officer reviewed and verified the information on the report.

Anticipated Corrective Action Date: August 2025

Responsible for Corrective Action: Cindy, McMackin, Financial Manager
CMcmacki@idoc.idaho.gov
208-658-2000

Idaho State Board of Education

Finding Number 2023-204: The Schedule of Expenditures of Federal Awards (SEFA) closing package understated the Education Stabilization Fund - Governor's Emergency Education Relief (GEER II) by \$1,039,753 and overstated the Education Stabilization Fund – Emergency Assistance to Non-Public Schools (EANS) program by the same amount.

Federal Programs: 84.425C – Governor's Emergency Education Relief; 84.425R - Emergency Assistance for Non-Public Schools

Related to Prior Finding: 2021-202

Current Status: Corrected

Planned Corrective Action: The corrective action is to reclass any GEER II Project transactions in FY 2024 to EANS/GEER II Project. That will ensure there are no GEER II transactions in FY 2024 that would need to be adjusted. This was done on March 21, 2024.

Corrective Action Taken: We reclassified GEER II Project transactions in FY 2024 to EANS/GEER II Project

Corrective Action Date: March 21, 2024

Responsible for Corrective Action: Patrick Coulson, Chief Financial Officer
Patrick.coulson@OSBE.idaho.gov
208-332-1563

Idaho Department of Environmental Quality

Finding Number 2023-205: The Department understated total federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) closing package by \$24,824,862 and understated amounts passed through to subrecipients by \$39,901,202.

Federal Programs: 21.027 - Coronavirus State and Local Fiscal Recovery Funds; 66.458 - Clean Water State Revolving Fund; 66.468 - Drinking Water State Revolving Fund; 66.419 - Water Pollution Control State, Interstate, and Tribal Program Support; 66.432 - State Public Water System Supervision; 66.460 - Nonpoint Source Implementation Grants; 66.708 - Pollution Prevention Grants; 66.040 - Diesel

Emissions Reduction Act State Grants; 81.214 - Environmental Monitoring/Cleanup, Cultural and Resource Management, Emergency Response Research, Outreach, Technical Analysis

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action:

1. Identify Root Causes:

With the aid of LSO, we identified errors and are acting on a thorough analysis to pinpoint the root causes of the reporting errors on the Schedule of Expenditures of Federal Awards (SEFA) identified during the recent audit. As noted by the auditors, the errors were due to significant turnover-related knowledge gaps, staff being tasked with unfamiliar processes, lack of written desk manuals and other documentation, and issues with maintaining the internal reporting tool. This identification was completed by Rob Sepich, Chief Financial Officer, and Jeri Ann Fogg, Accounting Supervisor, in tandem with the audit.

2. Implement Training and Guidance:

DEQ will provide comprehensive training sessions for staff involved in preparing and reviewing SEFA reports, considering the high turnover rate experienced in the department. We are in the process of developing detailed guidelines and documentation outlining SEFA reporting requirements, including specific instructions on categorizing federal awards, allowable expenditures, and reporting formats, to address any knowledge gaps resulting from turnover. As part of the statewide ERP move to LUMA from STARS, staff will utilize new reporting platforms and tools in LUMA to streamline SEFA reporting processes and mitigate potential errors associated with manual data entry or outdated systems. One significant improvement over our legacy reporting will be the use of front-end splits (FES) in LUMA that will automatically split out the state match from the federal component of our expenditures at the time in which they are spent, which was not as clearly defined under STARS. The new accounting system will be clearer to auditors and staff. Rob Sepich, Chief Financial Officer will create reconciliation reports for the SEFA by June 2024, with SEFA reporting compiled and completed in July 2024.

3. Enhance Internal Controls:

Moving forward we will significantly strengthen internal controls and review processes to detect and prevent reporting errors in the future, particularly considering the turnover challenges. We anticipate requiring multiple additional review checkpoints and validation procedures within the new reporting platforms to verify the accuracy and completeness of SEFA data that will be reconciled before submission. We will also assign clear responsibilities and designate individuals responsible for overseeing SEFA reporting activities, ensuring continuity and consistency despite turnover and reduce the amount of unfamiliar work given to staff. This will include a review by Doug McRoberts, Grants Manager, Heather Hodges, Principal Budget Analyst, Rob Sepich, Chief Financial Officer, and Jeri Ann Fogg, Accounting Manager. Lastly, we are in the process of developing improved documentation on the new LUMA processes for our day-to-day operations so that we have up to date and accurate desk manuals should we experience additional turnover. These desk manuals are expected to be completed in June 2024.

4. Conduct Comprehensive Review:

As part of the audit, we conducted a comprehensive review of the FY 2023 SEFA reports to identify any additional errors or discrepancies that may have been overlooked, considering the turnover-related knowledge gaps. The department was able to resubmit our SEFA closing package, including the list of sub recipients to the State Controller’s Office and LSO Auditors on March 9th, 2024 due to the efforts of Jeri Ann Fogg, Accounting Manager and Rob Sepich, Chief Financial Officer.

5. Continuous Monitoring and Improvement:

We will establish a process for ongoing monitoring and periodic review of SEFA reporting activities, leveraging the capabilities of the new reporting platforms in LUMA to streamline processes and enhance accuracy. This will bring us closer to the work processes that other agencies do through the statewide reporting systems and reduce our dependency on reporting tools developed in-house that are unfamiliar to other state agencies. This should reduce the risk of losing key institutional knowledge during turnover and will make it easier for an employee with experience from another agency to be able to quickly pick up our reporting needs. To foster a culture of continuous improvement and knowledge sharing within the department, we will have additional meetings to encourage collaboration and communication to address SEFA reporting and ensure that we are not missing key input from staff.

Corrective Action Taken: See steps above

Anticipated Corrective Action Date: Fiscal Year 2024

Responsible for Corrective Action: Rob Sepich, Chief Financial Officer
Rob.Sepich@deq.idaho.gov
208-373-0292

Finding Number 2023-206: The Department did not fully disclose required information to subrecipients, document subrecipient risk assessments, or ensure subrecipient audits were received for the Coronavirus State and Local Fiscal Recovery Fund.

Federal Programs: 21.027 – Coronavirus State and Local Fiscal Recovery Fund

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: The department agrees with the lack of certain required subrecipient information datapoints for the CSLFRF projects.

- The department had an imperfect implementation of the initial subawards for CSLFRF documentation for subrecipients. Our general practice includes providing the identified federal award identification datapoints; however, this was not the case with the initial CSLFRF subrecipients. As an example, the period of performance was truncated to ensure that we were able to meet the aggressive timeline outlined in the American Rescue Plan Act; we will include both the true period of performance as set forth in the grant and the budgetary period in which the subrecipient will need to complete their work. Carrie Champlin, Contracts Manager, and Rob Sepich, Chief Financial Officer will implement these changes by April 15, 2024.

- The department had processes for evaluating the risk of subrecipients, however it could be improved and made clearer for auditors and we will implement a process used by other agencies to memorialize the risk factors outside of email in a clear and concise manner. Additionally, the department is currently implementing a new software system, Amplifund, to aid in registering subrecipients, monitoring them, and closing out subawards. This system will include all of the relevant information necessary for both the subrecipient and the department in one location and will provide consistency across the department. Amplifund implementation is currently underway and will be used department- wide by August 2024. Doug McRoberts, Grants Manager, Jeri Ann Fogg, Accounting Manager, Carrie Champlin, Contracts Manager are working on the integration of Amplifund.

Corrective Action Taken: See Steps above

Corrective Action Date: April 15, 2024

Responsible for Corrective Action: Rob Sepich, Chief Financial Officer
Rob.Sepich@deq.idaho.gov
208-373-0292

Idaho Division of Financial Management

Finding Number 2023-207: The Division overstated federal expenditures by incorrectly including \$6.6 million expended under the State Small Business Credit Initiative (SSBCI) on the Schedule of Expenditures of Federal Awards (SEFA) closing package.

Federal Programs: 21.031 – State Small Business Credit Initiative

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: The agency will implement improved training and review for the SEFA closing package prior to submission to ensure appropriate reporting of federal expenditures on the SEFA. The SSBCI funds were included in an abundance of caution to ensure reporting of all federal funds received, as it is rare that federal monies are to be excluded from the SEF A. Moving forward, preparation of the SEFA will include an analysis of all new federal awards to be included to confirm if the amounts are to be included, and a side-by-side comparison of the prospective list to the prior year report to note any differences and investigation of any that exist.

Corrective Action Taken: Staff responsible for compiling closing packages gained a clear understanding of the prior year’s finding and have documented this knowledge to ensure it is addressed in future submissions. Additionally, staff actively participated in SCO-led office hours, using the opportunity to deepen their understanding of closing package requirements and the specific data needed to ensure accuracy and compliance moving forward.

Corrective Action Date: June 30, 2024

Responsible for Corrective Action: Justin Collins, State Financial Officer
Justin.Collins@dfm.idaho.gov
208-854-3063

Idaho Department of Health and Welfare

Finding Number 2023-208: The Schedule of Expenditures of Federal Awards (SEFA) closing package originally submitted to the Office of the State Controller (Office) included multiple errors.

Federal Programs:

- 10.551 - Supplemental Nutrition Assistance Program (SNAP)
- 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)
- 21.027 - Coronavirus State and Local Fiscal Recovery Funds
- 93.391 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
- 93.558 - Temporary Assistance for Needy Families (TANF)
- 93.568 - Low-Income Home Energy Assistance
- 93.569 – Adoption Assistance
- 93.575 - Child Care and Development Block Grant (CCDF)
- 93.658 - Foster Care Title IV-E
- 93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
- 93.778 - Medical Assistance Program

Related to Prior Finding: 2022-211, 2021-206

Current Status: Partially Corrected

Planned Corrective Action: Since the implementation of LUMA, the department has been cognizant of the systematic challenges and risks and is acutely attentive to monitoring and review efforts. For example, due to LUMA, finance now has a new chart of accounts structure, meaning previously used reports for compilation of the SEFA are no longer a concern. The department held a required training on March 12-13, 2024, for all employees involved with grant administration where the determination of contractor vs. subrecipient, as well as proper account coding, were reiterated. Finance has efforts underway to strengthen compliance through report building and monthly monitoring of proper coding. The department will be moving forward with the implementation of Grant Management Software in SFY25, which finance believes will provide further assurances of data accuracy. Finance will confirm all expenditures and adjustments are completed before running reports when preparing the SFY24 and future SEFA's. This confirmation will be documented via an email to the Financial Manager of the Budget section. The email response will be retained with the SEFA preparation file for audit purposes.

Corrective Action Taken: Additional levels of reviews implemented and monthly monitoring supported by better reporting.

Anticipated Corrective Action Date: Partial efforts already completed; full completion by June 30, 2025.

Responsible for Corrective Action: Staci Phelan, Division Administrator
Staci.Phelan@dhw.idaho.gov
208-334-0632

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-209: Monthly cost allocation statistics, used to allocate indirect costs to federal grants, were not reviewed and approved by the Department.

Federal Programs:

- 10.551 - Supplemental Nutrition Assistance Program (SNAP)
- 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)
- 21.027 - Coronavirus State and Local Fiscal Recovery Funds
- 93.391 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
- 93.558 - Temporary Assistance for Needy Families (TANF)
- 93.568 - Low-Income Home Energy Assistance
- 93.569 – Adoption Assistance
- 93.575 - Child Care and Development Block Grant (CCDF)
- 93.658 - Foster Care Title IV-E
- 93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
- 93.778 - Medical Assistance Program

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: With the implementation of Luma and the interfaced cost allocation module, finance has spent a significant amount of time assessing the best practices for cost allocation processing steps. Since going live on 7/1/23, each month, finance has reviewed, revised, and refined process steps. The department’s budget analysts who hold oversight of some cost allocation processes, use a spreadsheet to track processing. Finance has added a step in the process to ensure that finance reviews the cost allocation SharePoint site for review and signature of each supervisor responsible for each statistic.

Corrective Action Taken: Finance has added a step in the process to ensure that finance reviews the cost allocation SharePoint site for review and signature of each supervisor responsible for each statistic.

Corrective Action Date: 03/24/2024

Responsible for Corrective Action: Staci Phelan, Division Administrator
Staci.Phelan@dhw.idaho.gov
208-334-0632

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-210: Low-Income Home Energy Assistance Program (LIHEAP) performance and special reports did not include a review for accuracy and compliance prior to submission.

Federal Programs: 93.568 – Low-Income Home Energy Assistance

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: The Program will develop a process to work with the Information Management and Analysis Team (IMAT) within the division to compile the data for the Low-Income Home Energy Assistance Program (LIHEAP) reports. Program will review the completed reports for accuracy. All reports will then be submitted to the Bureau Chief, as a second review of accuracy, prior to submission to Federal Partners. Documentation will be maintained to support the preparation, review, and approval steps. The process outlines a timeline to have reports prepared and reviewed ahead of the established deadline. Program will communicate with our Federal Partner if circumstances arise that would prevent a report from being submitted by an established deadline to receive an extension.

Corrective Action Taken: Documentation of report preparation, review and approval will be maintained. Testing of the updated benefits matrix is completed by the Program annually, and the results will be documented using an established scenario testing script.

Corrective Action Date: 09/30/2024

Responsible for Corrective Action: Shane Leach, Division Administrator
Shane.Leach@dhw.idaho.gov
208-859-1033

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-211: The review and approval of the annual updates to the Low-Income Home Energy Assistance Program (LIHEAP) benefits matrix were not documented.

Federal Programs: 93.568 – Low-Income Home Energy Assistance

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: Testing of the updated benefits matrix will be completed by the Program annually, and the results will be documented using an established scenario testing script. Results of the testing will be documented and submitted to the Bureau Chief, as a second review of accuracy and compliance, prior to moving the updated matrix into the production environment. Documentation will be maintained to support the review and approval.

Corrective Action Taken: Documentation of report preparation, review and approval will be maintained. Testing of the updated benefits matrix is completed by the Program annually, and the results will be documented using an established scenario testing script.

Corrective Action Date: 09/30/2024

Responsible for Corrective Action: Shane Leach, Division Administrator
Shane.Leach@dhw.idaho.gov
208-859-1033

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-212: The review of the Low-Income Home Energy Assistance Program (LIHEAP) earmarking compliance requirements was not documented.

Federal Programs: 93.568 – Low-Income Home Energy Assistance

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: The Program will document the current process regarding the preparation, review, and approval of the Low-Income Home Energy Assistance Program (LIHEAP) budget that includes maintaining the documentation of the earmarking reviews that are being completed. The program will prepare the Low-Income Home Energy Assistance Program (LIHEAP) budget. This budget will be submitted to the Bureau Chief, as a second review of accuracy and compliance, to include review of earmarking limits, prior to routing the Annual State Plan for review and submittal or the allocation of any funding. Documentation will be maintained to support the review and approval.

Corrective Action Taken: Has made documentation to stay below the allowable percentage caps “earmarked” categories.

Corrective Action Date: 9/30/24.

Responsible for Corrective Action: Shane Leach, Division Administrator

Shane.Leach@dhw.idaho.gov
208-859-1033

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-213: The Department erroneously determined that two recipients of Temporary Assistance for Needy Families (TANF) funding were contractors instead of subrecipients resulting in noncompliance with the subrecipient monitoring requirements.

Federal Programs: 93.558 – Temporary Assistance for Needy Families

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: The Department has revised our training of personnel involved in subrecipient and contractor determinations. These contract managers and monitors completed grant training on March 12th-13th, 2024 which included sections about subrecipient and contractor determinations, risk assessment and documentation. All newly hired employees will be trained beginning April 2024 with an on-line module.

For the impacted vendor, an updated Risk Assessment was completed and submitted to LSO. Additionally, the Department has started the work to effectively change the designation of the vendor and ensure all required information is provided to this subrecipient. This process will be completed by April 30th, 2024. The Department will develop internal control procedures to ensure all required information is provided to the subrecipients at the time of the subawards. These updated internal control procedures will be completed by June 30th, 2024.

Corrective Action Taken: Grant Monitoring Training provided to subrecipient grant monitors.

Corrective Action Date: June 30, 2024

Responsible for Corrective Action: Cameron Gilliland, Division Administrator
Cameron.Gilliland@dhw.idaho.gov
208-334-0641

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-214: The Department did not maintain sufficient documentation to support eligibility award decisions for the Community Partners Grants within the Child Care and Development Fund (CCDF) program.

Federal Programs: 93.575 – Child Care and Development Block Grant; 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: The division will:

- All employees who administer grants will be required to complete training related to awarding grants, to include components on appropriate internal controls, identifying required grant elements, detailing the grant process, and outlining record retention requirements. All current employees have been trained as of March 2024.
- The Division will work closely with the Division of Management Services to support the development and implementation of updated record retention policies and processes which will result in relevant documents being centrally retained. Estimated completion date December 31, 2024. Between now and when that central repository is available, individual rubrics and their supporting documents related to grant awards will be retained.
- All employees will complete an annual employee conflict-of-interest disclosure and recertification process. Current completion of the new employee conflict of interest form will be completed by April 2024.

Corrective Action Taken: Grant training delivered; conflict of interest policy updated and enforced; documentation retention guidelines amended.

Corrective Action Date: 5/30/2024

Responsible for Corrective Action: Shane Leach, Division Administrator
Shane.Leach@dhw.idaho.gov
208-859-1033

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-215: The Department’s review of child care providers health and safety inspections for the Child Care and Development Fund (CCDF) were not completed timely.

Federal Programs: 93.575 – Child Care and Development Block Grant; 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: The division will complete reviews of the health and safety inspections in a timely manner. The division will review and update the existing process document to support this corrective action plan defining timeframes for completion of these reviews so that there is appropriate time to remediate issues raised during the inspections and ensure compliance. The updated process document will be in place and appropriate staff will implement by 9/30/2024.

Corrective Action Taken: Health and safety reviews completed in timely manner. Existing process document update.

Corrective Action Date: 12/31/2024

Responsible for Corrective Action: Shane Leach, Division Administrator
Shane.Leach@dhw.idaho.gov
208-859-1033

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-216: The Department did not have appropriate documentation to support allowability of transactions for the Foster Care Title IV-E program.

Federal Programs: 93.658 – Foster Care Title IV-E

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: A new feature was added to ESPI on 1/9/24 to record the reason (purpose) for certain service types, including transportation. The system is programmed to disallow Title IV-E if the reason listed does not meet IV-E eligibility criteria (see image below). An additional control will be added to the system to have the same control procedure used for a medical service type and education service type. Further development is underway for additional control procedures and should be completed by April of 2025.

The screenshot shows a web-based form with the following fields and values:

- Status: Pending
- Service Type: Transportation
- Transportation Reason: --Select-- (dropdown menu)
- Provider Name: (empty)
- Service Description: Child travels to their home for visitation with parent(s), siblings, other relatives, or other caretakers
- Service Start Date: (empty)
- Service End Date: (empty)
- Abridge Reason: Other

The dropdown menu for 'Transportation Reason' is open, showing the following options:

- Transportation Reason - Please select a reason the service is provided to the person.
- Child travels to their home for visitation with parent(s), siblings, other relatives, or other caretakers
- Child travels to locations other than the child's home for visitation with parent(s), siblings, other relatives, or other caretakers
- Travel for the child to remain in the school in which the child is enrolled at the time of placement
- Travel for foster parent to attend school conferences
- Travel for foster parents attendance at mandatory foster parent training
- Other

P-card transactions do not process through ESPI. Quarterly reports will be obtained to review any P-card transactions that utilized Title IV-E to confirm appropriate documentation is on record. This will be completed by April 30, 2024.

Corrective Action Taken: Quarterly report has been created and is consistently reviewed.

Corrective Action Date: 4/30/2024

Responsible for Corrective Action: Cameron Gilliland, Division Administrator
Cameron.Gilliland@dhw.idaho.gov
208-334-0641

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-217: The Department does not have documented internal controls for adjustments processed to the Foster Care -Title IV—E program.

Federal Programs: 93.658 – Foster Care Title IV-E

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: The Department will continue to record adjustment activity through Help Desk tickets, SharePoint documentation, and ESPI. The Department will ensure improved visibility to the adjustment and approval process and documentation by ensuring all roles who need access (including auditors), have access to all relevant systems and storage locations such as access to SharePoint and Help Desk tickets. This step will be completed by April 30, 2024.

Corrective Action Taken: Visibility has been increased to the adjustment and approval process. Access is available via a needs-based review and is made available to ensure transparency.

Anticipated Corrective Action Date: 4/30/2024

Responsible for Corrective Action: Cameron Gilliland, Division Administrator
Cameron.Gilliland@dhw.idaho.gov
208-334-0641

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-218: The Department failed to provide necessary documentation to support the eligibility determination for two foster care providers within the Foster Care -Title IV—E program.

Federal Programs: 93.658 – Foster Care Title IV-E

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: The department agrees with the finding related to the critical importance of obtaining and maintaining documentation for all necessary background checks. Although the department was ultimately able to verify background checks were completed, we agree that we were unable to readily pull the needed documentation on these in a timely manner. To correct the issue, the department will add an additional point of verification that the Enhanced Criminal History Background Check clearance letter from the Background Check Unit’s system is uploaded to eCabinet, by having supervisors view the document within eCabinet prior to approving the initial foster care license. Supervisors will also confirm that all ICPC home studies address results of background checks for all adults in the home and any additional potential caregivers. This will be completed April 2024.

Corrective Action Taken: Clearance letter uploaded to eCabinet confirmed by supervisors. Any results are addressed and confirmed by supervisors.

Anticipated Corrective Action Date: 4/30/2024

Responsible for Corrective Action: Cameron Gilliland, Division Administrator
Cameron.Gilliland@dhw.idaho.gov
208-334-0641

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-219: The level of effort spending requirements for the Adoption Assistance Title IV-E program were not met.

Federal Programs: 93.659 – Adoption Assistance

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: Beginning 07/01/2023, FACS implemented a monthly review of post-permanency services invoices and payments to support correct usage of adoption assistance funds including 30% spending of adoption savings for prevention. Progress toward fully effective integration of this process has been hindered by limited access to timely and accurate budget data from LUMA. FACS will refine the monthly review process to ensure current and accurate tracking and use of funds. This will be completed July 2024.

Corrective Action Taken: Monthly review process implemented

Corrective Action Date: 7/31/2024

Responsible for Corrective Action: Cameron Gilliland, Division Administrator
Cameron.Gilliland@dhw.idaho.gov
208-334-0641

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-220: The Department failed to provide necessary supporting documentation for five Adoption Assistance Title IV-E eligibility determinations.

Federal Programs: 93.659 – Adoption Assistance

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: The department agrees with the finding related to the critical importance of obtaining and maintaining documentation for all necessary background checks. Although the department was ultimately able to verify background checks were completed, we agree that we were unable to readily pull the needed documentation on these in a timely manner. The department will assure supporting documentation for Adoption Assistance Title IV-E eligibility determinations are maintained within the electronic filing system by adding an additional verification to the current process. When a supervisor reviews a departmental adoption for finalization, they will verify that a copy of the Enhanced Criminal History Background clearance letter for all adults residing in the home is uploaded to the prospective adoptive parents' profile in eCabinet (the electronic case management system), and the signed copy of the adoption assistance agreement is uploaded to the child's profile. The application process for Adoption Assistance Title IV-E eligibility for private adoptions will be updated to include the addition of the Enhanced Criminal History Background clearance letters for all adults residing in the home to the child's eCabinet file. When a supervisor approves an adoption assistance agreement for a private adoption, they will verify a copy of the signed adoption assistance agreement is uploaded to the adoptive child's profile. This will be completed by August 2024.

Corrective Action Taken: Proper documentation is now being verified and retained.

Anticipated Corrective Action Date: 8/31/2024

Responsible for Corrective Action: Cameron Gilliland, Division Administrator
Cameron.Gilliland@dhw.idaho.gov
208-334-0641

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov

208-334-5814

Finding Number 2023-221: The Department did not review subrecipient application information for the Coronavirus State and Local Fiscal Recovery Funds at a sufficient level to identify missing information.

Federal Programs: 21.027 – Coronavirus State and Local Fiscal Recovery Fund

Related to Prior Finding: 2022-210

Current Status: Corrected

Planned Corrective Action: The Division of Public Health and Idaho Council on Domestic Violence and Victim Assistance (ICDVVA) will take steps to ensure new staff receive training related to awarding grants, to include components on appropriate internal controls, identifying required grant elements, detailing the grant process, and outlining record retention requirements. All current employees have been trained as of March 2024. All newly hired employees will be trained beginning April 2024.

Corrective Action Taken: Grant training completed 4/2024

Anticipated Corrective Action Date: 4/30/2024

Responsible for Corrective Action: Elke Shaw-Tulloch, Division Administrator
Division of Public Health
Elke.Shaw-Tulloch@dhw.idaho.gov
208-354-5950

Dana Wiemiller, Executive Director
ICDVVA
Dana.Wiemiller@icdv.idaho.gov
208-332-1545

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-222: Supporting documentation to demonstrate the completion of subrecipient risk assessments for the Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises program was not available for review.

Federal Programs: 93.391 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises

Related to Prior Finding: N/A

Current Status: Corrected.

Planned Corrective Action: The division will ensure new staff receive training related to awarding grants, to include components on appropriate internal controls, identifying required grant elements, detailing the grant process, and outlining record retention requirements. All current employees have been trained as of March 2024. All newly hired employees will be trained beginning April 2024.

Corrective Action Taken: Grant training provided to employees 4/2024.

Anticipated Corrective Action Date: 4/30/2024

Responsible for Corrective Action: Elke Shaw-Tulloch, Division Administrator
Division of Public Health
Elke.Shaw-Tulloch@dhw.idaho.gov
208-354-5950

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-223: Managed Care providers lacked documentation to support continued eligibility within the Medicaid Program.

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

Related to Prior Finding: N/A

Current Status: Partially Corrected

Planned Corrective Action: The 21st Century Cures Act requires all states to enroll both fee-for-service and managed care providers. Idaho Medicaid is currently out of compliance with this requirement for most of the providers within managed care contractor networks. The state is also working to come into compliance with a requirement in the Affordable Care Act to revalidate all enrolled providers at least every 5 years. The Division has begun the systems work necessary to come into compliance with both of these requirements and anticipates working through enrollment and revalidation activities into CY2025. Once completed, the Division will have an accurate and complete provider file that will be shared with contracted managed care plans to support their contracting efforts. Any providers who contract with the managed care plans will be required to be fully enrolled and credentialed with Idaho Medicaid before rendering services and billing.

Pursuant to the Consolidated Appropriations Act of 2023, states are required by July 2025 to have a searchable and regularly updated provider directory for both managed care plans and fee-for-service programs. Idaho Medicaid is working to develop processes to validate directories and ensure that providers are providing updates to their information as necessary. Through this effort, Idaho Medicaid will further bolster internal processes and controls to ensure accurate provider network information is shared with Medicaid participants and maintained within our systems.

Corrective Action Taken: Working to come into compliance with 21 Century Cures Act and ACA. Managed care providers are fully enrolled and credentialed with Idaho Medicaid before providing services and billing. New provider revalidation process is underway and due to complete in early CY2026.

Anticipated Corrective Action Date: 4/2026

Responsible for Corrective Action: Juliet Charron, Division Administrator
Juliet.Charron@dhw.idaho.gov
208-364-1831

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Finding Number 2023-224: The required audited financial reports were not collected as required to ensure compliance with the Managed Care Organization contracts.

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

Related to Prior Finding: N/A

Current Status: Partially Corrected

Planned Corrective Action: The Division will amend all current managed care contracts to include the requirement to submit an audited financial report annually. This contract language will also be incorporated into all future Medicaid managed care procurements. The Division will also review and confirm all required contract elements outlined in 42 CFR 438.3 are clearly outlined in Medicaid managed care contracts. Lastly, the Division intends to coordinate with the Department of Insurance to learn more about their review process of audited financial statements and determine if there is an opportunity to coordinate oversight efforts for Medicaid managed care contracts going forward.

Corrective Action Taken: All managed care contracts amended to include financial audit clause. Future contracts are being amended to include similar verbiage.

Anticipated Corrective Action Date: 7/31/2026

Responsible for Corrective Action: Juliet Charron, Division Administrator
Juliet.Charron@dhw.idaho.gov
208-364-1831

Kelly Combs, Bureau Chief, Compliance
Kelly.Combs@dhw.idaho.gov
208-334-5814

Idaho Department of Parks and Recreation

Finding Number 2023-225: Review of federal suspension and debarment status is not adequately performed or documented to demonstrate compliance with the federal requirements for the Coronavirus State and Local Fiscal Recovery Funds program.

Federal Programs: 21.027 – Coronavirus State and Local Fiscal Recovery Fund

Related to Prior Finding: N/A

Current Status: Corrected

Planned Corrective Action: Our Development Bureau has revised their "Notice of Intent to Award" letter to include the collection of the Federally issued Unique Entity ID (UEI) for all projects funded with Federal funds. The UEI information will be used to check the proposed contractor's exclusion status on the System for Award Management (SAM.gov) website and a printed report, or a printed screen shot of the exclusion status will be preserved prior to issuing the contract.

Corrective Action Taken: We have updated the Notice of Intent to Award letter to include the UEI number, and have begun taking screenshots/print screens of the SAM.gov website to preserve in our records prior to issuing a contract

Corrective Action Date: March 15, 2024

Responsible for Corrective Action: Steve Martin, Financial Officer
Steve.Martin@idpr.idaho.gov
208-514-2460

Idaho Department of Transportation

Finding Number 2023-226: The Department did not develop and execute a Value Engineering work plan in compliance with the regulations for the federal Highway Planning and Construction grant.

Federal Programs: 20.205 – Highway Planning and Construction Grant

Related to Prior Finding: N/A

Current Status: Partially Corrected

Planned Corrective Action: ITD will develop a new standard operating procedure (SOP) to follow to ensure that the Districts develop an Annual Value Engineering Work Plan and that the Statewide Work Plan is compiled annually by the Headquarters Value Engineering Coordinator. This SOP will be developed in collaboration with FHWA staff to ensure 2 CFR 200.303 and 23 CFR Part 627 compliance. The SOP will include details as to who, what, where and when the specific tasks will occur so to provide clarity and control with regard to developing the work plan as well as monitoring, assessing and reporting on the Departments Value Engineering Program.

Corrective Action Taken: A Standard Operating Procedure (SOP) was developed by the ITD Value Engineering (VE) Coordinator, with FHWA Division input, and Statewide training was provided on the SOP and on the Annual Work Plan by the VE Coordinator.

Anticipated Corrective Action Date: SOP was completed September 2024 and the SOP and Work Plan statewide training was provided in October 2024.

Responsible for Corrective Action: Monica Crider, PE, State Design Engineer
Monica.Crider@itd.idaho.gov
208-334-8502