State of Idaho
Single Audit Report

Fiscal Year 2025

Legislative Services Office
Idaho State Legislature

Terri Kondeff
Director

Serving Idaho's Citizen Legislature

October 5, 2026

Honorable Brad Little, Governor
Honorable Senator C. Scott Grow, JFAC Co-Chair
Honorable Representative Josh Tanner, 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, 2025. This report complies with the audit requirements placed on the State of Idaho as a condition for receiving and expending $5,480,280,656 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 2025 totaled $13,304,782 known and $442,200 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."

Matt Drake, Manager
Research & Legislation

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This document contains the following reports and schedules:

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

- Independent Auditor's Report on Compliance 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,

April Renfro, CPA
Legislative Auditor

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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Legislative Services Office
Idaho State Legislature

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Terri Kondeff
Director

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*

July 8, 2026

Honorable Brad Little, Governor
Honorable Senator Scott Grow, JFAC Co-Chair
Honorable Josh Tanner, 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, 2025, 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 May 21, 2026. 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 Bond Bank Authority
Idaho State Building Authority
Idaho Dairy Products Commission
Idaho Endowment Fund Investment Board
Idaho Fish and Wildlife Foundation
Idaho Health Insurance Exchange
Idaho Small Employer Health Reinsurance Program
Idaho Individual High Risk Reinsurance Pool
Idaho Housing and Finance Association, and component unit
Idaho Lottery
Idaho Potato Commission
Public Employee Retirement System of Idaho
Idaho State Treasurer – Assets Under Management
Idaho Wheat Commission
Lewis-Clark State College, and component unit
Boise State University, and component unit
Idaho State University, and component unit
University of Idaho, 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, Idaho State University Foundation, and University of Idaho Foundation were not audited in accordance with *Government Auditing Standards*.

Report on 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.

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 State of Idaho'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: 2025-101, 2025-102, 2025-103, 2025-104, 2025-105, 2025-107, 2025-108, 2025-110, 2025-113, and 2025-114.

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: 2025-106, 2025-109, 2025-111, and 2025-112.

Report on 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*.

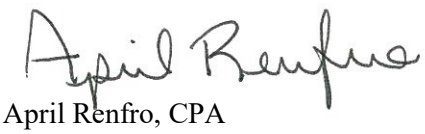
State of Idaho's Response to Findings

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

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*

October 5, 2026

Independent Auditor's Report

Honorable Brad Little, Governor
Honorable Senator C. Scott Grow, JFAC Co-Chair
Honorable Representative Josh Tanner, 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, 2025. 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 $5,038,983,350 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2025. 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 Aging 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 Aging Cluster for the year ended June 30, 2025.

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, 2025.

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, 2025.

Qualified Opinion on the Low-Income Home Energy Assistance Program
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 Low-Income Home Energy Assistance Program for the year ended June 30, 2025.

Qualified Opinion on the Social Services Block Grant
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 Social Service Block Grant for the year ended June 30, 2025.

Qualified Opinion on the Children's Health Insurance Program
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 Children's Health Insurance Program for the year ended June 30, 2025.

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, 2025.

Qualified Opinion on the Homeland Security Grant Program
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 Homeland Security Grant Program for the year ended June 30, 2025.

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, 2025.

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 Aging Cluster
As described in the accompanying schedule of findings and questioned costs, the State of Idaho did not comply with requirements regarding Assistance Listings 93.044, 93.045, and 93.053, Aging Cluster as described in finding numbers 2025-201 and 2025-202 for Reporting.

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

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 2025-205 for Allowable Costs/Cost Principles; 2025-203 and 2025-226 for Matching, Level of Effort, Earmarking; 2025-206, 2025-207, 2025-228, and 2025-229 for Procurement and Suspension and Debarment; and 2025-204 and 2025-225 for Reporting.

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

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 2025-208 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 that program.

Matter(s) Giving Rise to Qualified Opinion on the Low-Income Home Energy Assistance Program
As described in the accompanying schedule of findings and questioned costs, the State of Idaho did not comply with requirements regarding Assistance Listing 93.568, Low-Income Home Energy Assistance Program as described in finding number 2025-211 for Reporting.

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

Matter(s) Giving Rise to Qualified Opinion on the Social Services Block Grant
As described in the accompanying schedule of findings and questioned costs, the State of Idaho did not comply with requirements regarding Assistance Listing 93.667, Social Services Block Grant as described in finding number 2025-213 for Reporting.

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

Matter(s) Giving Rise to Qualified Opinion on the Children's Health Insurance Program
As described in the accompanying schedule of findings and questioned costs, the State of Idaho did not comply

with requirements regarding Assistance Listing 93.767, Children's Health Insurance Program as described in finding number 2025-219 for Special Tests and Provisions.

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

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 Listings 93.777 and 93.778, Medicaid Cluster as described in finding number 2025-219 for Special Tests and Provisions.

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

Matter(s) Giving Rise to Qualified Opinion on the Homeland Security Grant Program
As described in the accompanying schedule of findings and questioned costs, the State of Idaho did not comply with requirements regarding Assistance Listing 97.067, Homeland Security Grant Program as described in finding numbers 2025-221 for Reporting and 2025-223 for Subrecipient Monitoring.

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

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 2025-209, 2025-210, 2025-214, 2025-215, 2025-216, 225-218, 2025-222. 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 2025-201, 2025-202, 2025-203, 2025-204, 2025-205, 2025-206, 2025-207, 2025-208, 2025-211, 2025-212, 2025-213, 2025-214, 2025-217, 2025-218, 2025-219, 2025-221, 2025-223, 2025-225, 2025-226, 2025-227, 2025-228, 2025-229 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 2025-209, 2025-210, 2025-215, 2025-216, 2025-220, 2025-222, 2025-224 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, 2025, 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 May 21, 2026, 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. 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

April Renfro, CPA
Legislative Auditor

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE
OF
EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY

STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
	DEPARTMENT OF AGRICULTURE					
	SNAP CLUSTER					
10.551	Supplemental Nutrition Assistance Program	Health and Welfare, Department of	$287,367,039	NC		
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Health and Welfare, Department of	14,628,490		$267,909	
	TOTAL SNAP CLUSTER		$301,995,529		$267,909	
	CHILD NUTRITION CLUSTER					
10.553	School Breakfast Program	Public School Support	$15,091,504		$14,927,564	
10.555	National School Lunch Program	Public School Support	7,386,909	NC	7,308,283	NC
10.555	National School Lunch Program	Public School Support	53,354,888		53,032,494	
	Total 10.555		$60,741,797		$60,340,777	
10.556	Special Milk Program for Children	Public School Support	$15,048		$15,048	
10.559	Summer Food Service Program for Children	Public School Support	4,115,889		4,115,889	
10.559	Summer Food Service Program for Children	State Department of Education	145,383			
	Total 10.559		$4,261,272		$4,115,889	
10.582	Fresh Fruit and Vegetable Program	Public School Support	$2,609,555		$2,609,555	
10.582	Fresh Fruit and Vegetable Program	State Department of Education	44,511			
	Total 10.582		$2,654,066		$2,609,555	
	TOTAL CHILD NUTRITION CLUSTER		$82,763,687		$82,008,833	
	FOOD DISTRIBUTION CLUSTER					
10.565	Commodity Supplemental Food Program	Aging, Commission on	$269,205		$239,884	
10.568	Emergency Food Assistance Program (Administrative Costs)	Health and Welfare, Department of	833,417		804,328	
10.568	Emergency Food Assistance Program (Administrative Costs)	Health and Welfare, Department of	186,791	COVID-19	186,782	COVID-19
	Total 10.568		$1,020,208		$991,110	
10.569	Emergency Food Assistance Program (Food Commodities)	Health and Welfare, Department of	$6,112,286	NC		
	TOTAL FOOD DISTRIBUTION CLUSTER		$7,401,699		$1,230,994	
	NON-CLUSTERED PROGRAMS					
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, Department of	$863,836		$80,670	
10.069	Conservation Reserve Program	Fish and Game, Department of	268,713		19,795	
10.093	Voluntary Public Access and Habitat Incentive Program	Fish and Game, Department of	210,565			
10.162	Inspection Grading and Standardization	Agriculture, Department of	83,117			
10.163	Market Protection and Promotion	Agriculture, Department of	25,600			
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	934,241		322,123	
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	419,961	COVID-19	206,273	COVID-19
	Total 10.170		$1,354,202		$528,396	
10.182	Pandemic Relief Activiites: Local Food Purchase Agreements with States, Tribes, and Local Gov.	Health and Welfare, Department of	($14,194)	COVID-19		
10.187	The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds	Health and Welfare, Department of	122,079		$122,079	

* 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, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
10.190	Resilient Food System Infrastructure Program	Agriculture, Department of	$545,201	COVID-19	$476,142	COVID-19
10.525	Farm and Ranch Stress Assistance Network Competitive Grants Program	Agriculture, Department of	11,886	COVID-19		
10.541	Child Nutrition Technology Innovation Grant	Public School Support	223,790		223,790	
10.541	Child Nutrition Technology Innovation Grant	State Department of Education	136,509			
	Total 10.541		$360,299		$223,790	
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Health and Welfare, Department of	$31,769,872		$7,548,036	
10.558	Child and Adult Care Food Program	Public School Support	6,165,377		6,165,377	
10.558	Child and Adult Care Food Program	State Department of Education	124,315			
	Total 10.558		$6,289,692		$6,165,377	
10.560	State Administrative Expenses for Child Nutrition	State Department of Education	$1,603,985			
10.578	WIC Grants To States (WGS)	Health and Welfare, Department of	160,898		$155,421	
10.579	Child Nutrition Discretionary Grants Limited Availability	Public School Support	57,844		57,844	
10.579	Child Nutrition Discretionary Grants Limited Availability	State Department of Education	39			
	Total 10.579		$57,883		$57,844	
10.589	Child Nutrition Direct Certification Performance Awards	State Department of Education	$1			
10.645	Farm to School State Formula Grant (ARPA)	State Department of Education	151,992	COVID-19		
10.664	Cooperative Forestry Assistance	Historical Society, Idaho State	6,566			
10.664	Cooperative Forestry Assistance	Lands, Department of	3,772,851		$2,141,994	
	Total 10.664		$3,779,417		$2,141,994	
10.676	Forest Legacy Program	Lands, Department of	$69,885			
10.678	Forest Stewardship Program	Lands, Department of	582			
10.680	Forest Health Protection	Agriculture, Department of	49,584		$39,420	
10.691	Good Neighbor Authority	Species Conservation, Office of	43,035			
10.697	State and Private Forestry Hazardous Fuel Reduction Program	Lands, Department of	1,656,669		1,532,408	
10.698	State and Private Forestry Cooperative Fire Assistance	Lands, Department of	606,503		224,195	
10.717	Infrastructure Investment and Jobs Act Restoration/Revegetation	Lands, Department of	55,007			
10.718	Infrastructure Investment and Jobs Act Capital Maintenance and Improvement	Lands, Department of	131,586			
10.720	Infrastructure Investment and Jobs Act Community Wildfire Defense Grants	Lands, Department of	67,152		57,325	
10.724	Wildfire Crisis Strategy Landscapes	Lands, Department of	295,020			
10.724	Wildfire Crisis Strategy Landscapes	Fish and Game, Department of	217,569			
	Total 10.724		$512,589			
10.727	Inflation Reduction Act Urban & Community Forestry Program	Lands, Department of	$8,876		$8,069	
10.734	Inflation Reduction Act - Forest Legacy Program	Lands, Department of	144,776			
10.902	Soil and Water Conservation	Lands, Department of	111,744			
10.902	Soil and Water Conservation	Agriculture, Department of	10,541			
	Total 10.902		$122,285			
10.912	Environmental Quality Incentives Program	Lands, Department of	$4,469			
10.931	Agicultural Conservation Easement Program	Fish and Game, Department of	260,000			
10.U04	Miscellaneous Forest Service Grants	Fish and Game, Department of	25,519			
10.U33	Forest Service Aquatic Invasive Species Prevention	Agriculture, Department of	11,682			

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
10.U36	Forest Service Challenge Cost Sharing Agreement	Agriculture, Department of	$51,900			
	TOTAL NON-CLUSTERED PROGRAMS		$51,467,143		$19,380,961	
	TOTAL DEPARTMENT OF AGRICULTURE		$443,628,058		$102,888,697	
	DEPARTMENT OF COMMERCE					
	ECONOMIC DEVELOPMENT CLUSTER					
11.307	Economic Adjustment Assistance	Commerce, Department of	$31,250	COVID-19		
11.307	Economic Adjustment Assistance	Parks and Recreation, Department of	109,817	COVID-19		
	TOTAL ECONOMIC DEVELOPMENT CLUSTER		$141,067			
	NON-CLUSTERED PROGRAMS					
11.032	State Digital Equity Planning and Capacity Grant	Libraries, Idaho Commission for	$58,261			
11.035	Broadband Equity, Access, and Deployment Program	Commerce, Department of	1,337,142		$372,935	
11.436	Columbia River Fisheries Development Program	Fish and Game, Department of	1,347,179			
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Fish and Game, Department of	226,912			
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Species Conservation, Office of	5,065,243		3,089,972	
	Total 11.438		$5,292,155		$3,089,972	
	TOTAL NON-CLUSTERED PROGRAMS		$8,034,737		$3,462,907	
	TOTAL DEPARTMENT OF COMMERCE		$8,175,804		$3,462,907	
	DEPARTMENT OF DEFENSE					
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality, Department of	$182,847			
12.400	Military Construction, National Guard	Military, Division of	18,389,509			
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Military, Division of	47,239,749			
12.404	National Guard ChalleNGe Program	Military, Division of	5,391,363			
12.219	FVAP EASE 4.0 (Federal Voting Assistance Program - Electronic Absentee Systems for Elections)	Secretary of State	495,369			
	Pass-Through From Non-State Entities					
12.U29	Watercraft Inspection Station Program Pacific States Marine Fisheries Commission; PSMFC Award #23-129P (Prime Award # W68SBV30550732) & 25-002P (Prime Award # W68SBV41069701)	Agriculture, Department of	1,341,870	PT		
12.U31	Aquatic Invasive Species Monitoring Pacific States Marine Fisheries Commission; PSMFC Award #23-142P (Prime Award # W68SBV30550729) & 25-010P (Prime Award # W68SBV41069702)	Agriculture, Department of	124,407	PT		
12.U34	Idaho Flowering Rush Pacific States Marine Fisheries Commission; PSMFC Award #24-003P (Prime Award # W68SBV30550741)	Agriculture, Department of	1,155	PT		
	TOTAL DEPARTMENT OF DEFENSE		$73,166,269			

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
	HOUSING AND URBAN DEVELOPMENT					
14.171	Manufactured Housing	Occupational and Professional Licenses, Division of	$49,895			
14.228	Community Development Block Grants/State's Program	Commerce, Department of	7,727,579		$7,483,492	
14.228	Community Development Block Grants/State's Program	Commerce, Department of	3,370,895	COVID-19	3,259,083	COVID-19
	Total 14.228		$11,098,474		$10,742,575	
	TOTAL HOUSING AND URBAN DEVELOPMENT		$11,148,369		$10,742,575	
	DEPARTMENT OF THE INTERIOR					
	FISH AND WILDLIFE CLUSTER					
15.605	Sport Fish Restoration	Fish and Game, Department of	$6,960,134			
15.611	Wildlife Restoration and Basic Hunter Education and Safety	Fish and Game, Department of	16,991,525		$455,349	
15.626	Enhaced Hunter Education and Safety	Fish and Game, Department of	83,035			
	TOTAL FISH AND WILDLIFE CLUSTER		$24,034,694		$455,349	
	NON-CLUSTERED PROGRAMS					
15.015	Good Neighbor Authority	Fish and Game, Department of	$105,740			
15.015	Good Neighbor Authority	Lands, Department of	388,757			
	Total 15.015		$494,497			
15.224	Cultural and Paleontological Resource Management	Historical Society, Idaho State	$12,500			
15.225	Recreation and Visitor Services	Fish and Game, Department of	6,273			
15.228	BLM Fuels Management and Community Fire Assistance Program Activities	Transportation Department, Idaho	1,364			
15.247	Wildlife Resource Management	Fish and Game, Department of	36,214			
15.517	Fish and Wildlife Coordination Act	Fish and Game, Department of	17,760			
15.517	Fish and Wildlife Coordination Act	Species Conservation, Office of	332,626		$332,626	
	Total 15.517		$350,386		$332,626	
15.524	Recreation Resources Management	Parks and Recreation, Department of	$254,477			
15.560	SECURE Water Act - Research Agreements	Fish and Game, Department of	206,542			
15.608	Fish and Aquatic Conservation - Aquatic Invasive Species	Fish and Game, Department of	112,878			
15.608	Fish and Aquatic Conservation - Aquatic Invasive Species	Agriculture, Department of	14,358			
	Total 15.608		$127,236			
15.615	Cooperative Endangered Species Conservation Fund	Fish and Game, Department of	$213,474			
15.615	Cooperative Endangered Species Conservation Fund	Species Conservation, Office of	95,129		$95,129	
	Total 15.615		$308,603		$95,129	
15.634	State Wildlife Grants	Fish and Game, Department of	$716,619			
15.657	Endangered Species Recovery Implementation	Fish and Game, Department of	275,726			
15.661	Lower Snake River Compensation Plan	Fish and Game, Department of	10,660,641			
15.666	Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention	Species Conservation, Office of	138,155		$138,155	
15.684	White-nose Syndrome National Response Implementation	Fish and Game, Department of	63,235			
15.685	National Fish Passage	Fish and Game, Department of	107,190			
15.904	Historic Preservation Fund Grants-in-Aid	Historical Society, Idaho State	1,042,609		112,451	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
15.916	Outdoor Recreation Acquisition, Development, and Planning	Parks and Recreation, Department of	$3,010,028		$1,832,028	
15.954	National Park Service Conservation, Protection, Outreach, and Education	Parks and Recreation, Department of	648,987			
15.U35	Misc. Bureau of Reclamation	Fish and Game, Department of	62,808			
	TOTAL NON-CLUSTERED PROGRAMS		$18,524,090		$2,510,389	
	TOTAL DEPARTMENT OF THE INTERIOR		$42,558,784		$2,965,738	
	DEPARTMENT OF JUSTICE					
16.017	Sexual Assault Services Formula Program	Police, Idaho State	$574,923		$540,963	
16.021	Justice Systems Response to Families	Judicial Department	237,798			
16.034	Coronavirus Emergency Supplemental Funding Program	Police, Idaho State	52,248	COVID-19		
16.320	Services for Trafficking Victims	Police, Idaho State	33,563			
16.540	Juvenile Justice and Delinquency Prevention	Juvenile Corrections, Department of	184,330		40,000	
16.543	Missing Children's Assistance	Attorney General, Office of the	401,275			
16.550	State Justice Statistics Program for Statistical Analysis Centers	Police, Idaho State	75,071			
16.554	National Criminal History Improvement Program (NCHIP)	Police, Idaho State	85,406			
16.575	Crime Victim Assistance	Health and Welfare, Department of	9,312,912		9,153,541	
16.576	Crime Victim Compensation	Industrial Commission	1,121,857			
16.582	Crime Victim Assistance/Discretionary Grants	Health and Welfare, Department of	187,995			
16.588	Violence Against Women Formula Grants	Police, Idaho State	1,519,605		1,290,795	
16.593	Residential Substance Abuse Treatment for State Prisoners	Police, Idaho State	399,175		380,090	
16.606	State Criminal Alien Assistance Program	Correction, Department of	67,500			
16.609	Project Safe Neighborhoods	Police, Idaho State	78,481		6,231	
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Police, Idaho State	2,228,828		1,750,837	
16.741	DNA Backlog Reduction Program	Police, Idaho State	651,631			
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Police, Idaho State	442,648			
16.750	Support for Adam Walsh Act Implementation Grant Program	Police, Idaho State	26,636		21,474	
16.751	Edward Byrne Memorial Competitive Grant Program	Police, Idaho State	37,495			
16.833	National Sexual Assault Kit Initiative	Police, Idaho State	937,701		148,730	
16.838	Comprehensive Opioid, Stimulant, and other Substances Use Program	Health and Welfare, Department of	697,276		549,754	
16.838	Comprehensive Opioid, Stimulant, and other Substances Use Program	Correction, Department of	174,625			
	Total 16.838		$871,901		$549,754	
16.922	Equitable Sharing Program	Police, Idaho State	$54,420			
	TOTAL DEPARTMENT OF JUSTICE		$19,583,399		$13,882,415	
	DEPARTMENT OF LABOR					
	EMPLOYMENT SERVICE CLUSTER					
17.207	Employment Service/Wagner-Peyser Funded Activities	Labor, Department of	$6,518,169			
17.801	Jobs for Veterans State Grants	Labor, Department of	934,453			
	TOTAL EMPLOYMENT SERVICE CLUSTER		$7,452,622			

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
	WIOA CLUSTER					
17.258	WIOA Adult Program	Labor, Department of	$2,511,252		$1,772,452	
17.259	WIOA Youth Activities	Labor, Department of	2,630,467		6,575	
17.278	WIOA Dislocated Workers Formula Grants	Labor, Department of	2,031,981		1,590,412	
	TOTAL WIOA CLUSTER		$7,173,700		$3,369,439	
	NON-CLUSTER PROGRAMS					
17.225	Unemployment Insurance	Labor, Department of	$140,669,316			
17.225	Unemployment Insurance	Labor, Department of	1,275,440	COVID-19		
	Total 17.225		$141,944,756			
17.235	Senior Community Service Employment Program	Aging, Commission on	$367,671		$352,127	
17.245	Trade Adjustment Assistance	Labor, Department of	145,346			
17.271	Work Opportunity Tax Credit Program (WOTC)	Labor, Department of	86,594			
17.273	Temporary Labor Certification for Foreign Workers	Labor, Department of	623,267			
17.285	Registered Apprenticeship	Labor, Department of	2,050,093			
17.285	Registered Apprenticeship	Workforce Development Council	120,348		90,032	
	Total 17.285		$2,170,441		$90,032	
17.805	Homeless Veterans' Reintegration Program	Labor, Department of	$23,710			
	TOTAL NON-CLUSTERED PROGRAMS		$145,361,785		$442,159	
	TOTAL DEPARTMENT OF LABOR		$159,988,107		$3,811,598	
	DEPARTMENT OF TRANSPORTATION					
	FMCSA CLUSTER					
20.218	Motor Carrier Safety Assistance	Police, Idaho State	$3,613,607			
	TOTAL FMCSA CLUSTER		$3,613,607			
	FEDERAL TRANSIT CLUSTER					
20.507	Federal Transit Formula Grants	Transportation Department, Idaho	$371,719		$371,719	
20.507	Federal Transit Formula Grants	Transportation Department, Idaho	1,406,574	COVID-19	1,406,574	COVID-19
	Total 20.507		$1,778,293		$1,778,293	
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Transportation Department, Idaho	$2,954,500		$2,954,500	
	TOTAL FEDERAL TRANSIT CLUSTER		$4,732,793		$4,732,793	
	TRANSIT SERVICES PROGRAMS CLUSTER					
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Transportation Department, Idaho	$4,779,367		$4,726,090	
	TOTAL TRANSIT SERVICES PROGRAMS CLUSTER		$4,779,367		$4,726,090	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
	HIGHWAY SAFETY CLUSTER					
20.600	State and Community Highway Safety	Transportation Department, Idaho	$2,781,519		$1,564,032	
20.616	National Priority Safety Programs	Transportation Department, Idaho	2,637,875		1,575,526	
	TOTAL HIGHWAY SAFETY CLUSTER		$5,419,394		$3,139,558	
	NON-CLUSTERED PROGRAMS					
	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19					
20.106	Airports Programs	Transportation Department, Idaho	$65,856	COVID-19		
20.205	Highway Planning and Construction	Transportation Department, Idaho	461,627,662		$5,176,574	
20.205	Highway Planning and Construction	Transportation Department, Idaho	2,827,055	COVID-19		
	Total 20.205		$464,454,717		$5,176,574	
20.219	Recreational Trails Program	Parks and Recreation, Department of	$1,263,770		$1,152,448	
20.232	Commercial Driver's License Program Improvement Grant	Transportation Department, Idaho	567,874			
20.325	Consolidated Rail Infrastructure and Safety Improvements	Transportation Department, Idaho	9,896,344			
20.509	Formula Grants for Rural Areas and Tribal Transit Program	Transportation Department, Idaho	11,137,605		10,457,860	
20.509	Formula Grants for Rural Areas and Tribal Transit Program	Transportation Department, Idaho	3,447,028	COVID-19	3,447,028	COVID-19
	Total 20.509		$14,584,633		$13,904,888	
	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and					
20.614	Cooperative Agreements	Transportation Department, Idaho	$57,102			
20.700	Pipeline Safety Program State Base Grant	Public Utilities Commission	320,458			
20.703	Interagency Hazardous Materials Public Sector Training & Planning Grants	Military, Division of	130,817		$102,960	
20.720	State Damage Prevention Program Grants	Occupational and Professional Licenses, Division of	84,246			
	TOTAL NON-CLUSTERED PROGRAMS		$491,425,817		$20,336,870	
	TOTAL DEPARTMENT OF TRANSPORTATION		$509,970,978		$32,935,311	
	US TREASURY					
21.016	Equitable Share	Police, Idaho State	$48,901			
21.019	Coronavirus Relief Fund	Controller, Office of the State	51,587	COVID-19		
21.026	Homeowner Assistance Fund	Financial Management, Division of	8,000,000	COVID-19	$8,000,000	COVID-19
21.027	Coronavirus State and Local Fiscal Recovery Funds	Administration, Department of	5,338,524	COVID-19		
21.027	Coronavirus State and Local Fiscal Recovery Funds	Environmental Quality, Department of	74,820,221	COVID-19	63,344,299	COVID-19
21.027	Coronavirus State and Local Fiscal Recovery Funds	Financial Management, Division of	906,554	COVID-19	869,170	COVID-19
21.027	Coronavirus State and Local Fiscal Recovery Funds	Health and Welfare, Department of	2,468,065	COVID-19	999,819	COVID-19
21.027	Coronavirus State and Local Fiscal Recovery Funds	Judicial Department	9,233,555	COVID-19		
21.027	Coronavirus State and Local Fiscal Recovery Funds	Legislative Services Office	484,545	COVID-19		
21.027	Coronavirus State and Local Fiscal Recovery Funds	Parks and Recreation, Department of	30,784,715	COVID-19		
21.027	Coronavirus State and Local Fiscal Recovery Funds	Water Resources, Department of	38,498,788	COVID-19	14,807,544	COVID-19
21.027	Coronavirus State and Local Fiscal Recovery Funds	Workforce Development Council	17,111,518	COVID-19	526,085	COVID-19
	Total 21.027		$179,646,485		$80,546,917	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
21.029	Coronavirus Capital Projects Fund	Commerce, Department of	$18,206,183	COVID-19	$18,066,823	COVID-19
21.029	Coronavirus Captial Projects Fund	Libraries, Idaho Commission for	1,159,433	COVID-19	1,148,644	COVID-19
	Total 21.029		$19,365,616		$19,215,467	
	TOTAL US TREASURY		$207,112,589		$107,762,384	
	GENERAL SERVICES ADMINISTRATION					
39.003	Donation of Federal Surplus Personal Property	Administration, Department of	$905,743	NC		
	TOTAL GENERAL SERVICES ADMINISTRATION		$905,743			
	NATIONAL ENDOWMENT FOR THE ARTS					
45.025	Promotion of the Arts Partnership Agreements	Arts, Commission on the	$904,703		$489,632	
	TOTAL NATIONAL ENDOWMENT FOR THE ARTS		$904,703		$489,632	
	NATIONAL ENDOWMENT FOR THE HUMANITIES					
	Pass-Through From Non-State Entities					
45.129	Promotion of the Humanities Federal/State Partnership	Libraries, Idaho Commission for	$25,015	PT		
	Idaho Humanities Council; Grantor Number H20001					
	TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES		$25,015			
	INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
45.310	Grants to States	Libraries, Idaho Commission for	$1,585,621		$60,842	
	Pass-Through From Non-State Entities					
45.313	Laura Bush 21st Century Librarian Program	Libraries, Idaho Commission for	2,500	PT		
	California Library Association; Grantor Number RE-252358-OLS					
	TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES		$1,588,121		$60,842	
	NATIONAL SCIENCE FOUNDATION					
47.076	STEM Education (formerly Education and Human Resources)	Stem Action Center	$31,410			
	TOTAL NATIONAL SCIENCE FOUNDATION		$31,410			
	SMALL BUSINESS ADMINISTRATION					
59.061	State Trade Expansion	Commerce, Department of	$106,248		$106,248	
	TOTAL SMALL BUSINESS ADMINISTRATION		$106,248		$106,248	
	DEPARTMENT OF VETERANS AFFAIRS					
64.005	Grants to States for Construction of State Home Facilities	Veterans Services, Division of	$4,094,627			
64.005	Grants to States for Construction of State Home Facilities	Veterans Services, Division of	1,404,480	COVID-19		
	Total 64.005		$5,499,107			
64.015	Veterans State Nursing Home Care	Veterans Services, Division of	$29,116,124			
64.101	Burial Expense Allowances for Veterans	Veterans Services, Division of	545,178			

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
64.203	Veterans Cemetery Grants Program	Veterans Services, Division of	$151,554			
64.206	VA Outer Burial Receptacle Allowance Program	Veterans Services, Division of	46,137			
	TOTAL DEPARTMENT OF VETERANS AFFAIRS		$35,358,100			
	ENVIRONMENTAL PROTECTION AGENCY					
66.001	Air Pollution Control Program Support	Environmental Quality, Department of	$1,801,332			
66.032	State and Tribal Indoor Radon Grants	Health and Welfare, Department of	74,785			
66.034	Surveys, Studies, Research, Investigations, Demonstrations & Special Purpose Activities Relating to the Clean Air Act	Environmental Quality, Department of	657,701			
66.039	Diesel Emission Reduction Act (DERA) National Grants	Environmental Quality, Department of	48,729			
66.040	Diesel Emissions Reduction Act (DERA) State Grants	Environmental Quality, Department of	90,618			
66.046	Climate Pollution Reduction Grants	Environmental Quality, Department of	270,257		$193,984	
66.202	Congressionally Mandated Projects	Environmental Quality, Department of	38,753		29,692	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Quality, Department of	2,385,353			
66.432	State Public Water System Supervision	Environmental Quality, Department of	1,917,244			
66.433	State Underground Water Source Protection	Water Resources, Department of	95,290			
66.444	Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	Environmental Quality, Department of	514,298		508,472	
66.447	Sewer Overflow and Stormwater Reuse Municipal Grant Program	Environmental Quality, Department of	195,651		195,651	
66.454	Water Quality Management Planning	Environmental Quality, Department of	119,171		27,616	
66.458	Clean Water State Revolving Fund	Environmental Quality, Department of	15,154,532		14,484,960	
66.460	Nonpoint Source Implementation Grants	Environmental Quality, Department of	2,664,837		2,067,142	
66.468	Drinking Water State Revolving Fund	Environmental Quality, Department of	17,922,412		10,406,042	
66.605	Performance Partnership Grants	Environmental Quality, Department of	38,030		38,030	
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	Environmental Quality, Department of	218,679			
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Agriculture, Department of	515,512			
66.708	Pollution Prevention Grants Program	Environmental Quality, Department of	15,166			
66.801	Hazardous Waste Management State Program Support	Environmental Quality, Department of	435,365		48,105	
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Coop Agmts.	Environmental Quality, Department of	3,414,433		273,266	
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Quality, Department of	363,341			
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Quality, Department of	419,162			
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality, Department of	231,266			
66.817	State and Tribal Response Program Grants	Environmental Quality, Department of	636,256			
66.920	Solid Waste Infrastructure for Recycling Infrastructure Grants	Environmental Quality, Department of	74,621			
	TOTAL ENVIRONMENTAL PROTECTION AGENCY		$50,312,794		$28,272,960	
	DEPARTMENT OF ENERGY					
81.041	State Energy Program	Energy Resources, Office of	$764,926			
81.042	Weatherization Assistance for Low-Income Persons	Health and Welfare, Department of	5,556,265		$5,436,076	
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG)	Energy Resources, Office of	409,979		361,404	
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	Environmental Quality, Department of	2,761,248		562,074	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
81.254	Grid Infrastructure Deployment and Resilience	Energy Resources, Office of	$319,467			
	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response					
81.256	Research, Outreach, Technical Analysis	Historical Society, Idaho State	35,793			
81.U14	Tributary Water Conservation	Water Resources, Department of	224,322			
81.U17	Miscellaneous Bonneville Power Administration Grants	Fish and Game, Department of	10,162,155			
81.U17	Miscellaneous Bonneville Power Administration Grants	Species Conservation, Office of	3,962,576		$792,129	
81.U17	Miscellaneous Bonneville Power Administration Grants	Water Resources, Department of	157,321			
	Total 81.U17		$14,282,052		$792,129	
81.U18	Weatherization Conference	Health and Welfare, Department of	$834,495		$831,387	
81.U30	Miscellaneous Pacific States Marine Fisheries Commission Grants	Fish and Game, Department of	1,222,801			
	Pass-Through From Non-State Entities					
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	Environmental Quality, Department of	$600,880	PT		
	Western Interstate Energy Board; Grantor Number 30-316-04H, 30-316-04G, WEIB-ID-22					
	TOTAL DEPARTMENT OF ENERGY		$27,012,228		$7,983,070	
	DEPARTMENT OF EDUCATION					
	SPECIAL EDUCATION CLUSTER (IDEA)					
84.027	Special Education Grants to States	Public School Support	$73,795,179		$73,325,007	
84.027	Special Education Grants to States	State Department of Education	3,073,118			
	Total 84.027		$76,868,297		$73,325,007	
84.173	Special Education Preschool Grants	Public School Support	$2,473,984		$2,473,984	
	TOTAL SPECIAL EDUCATION CLUSTER (IDEA)		$79,342,281		$75,798,991	
	NON-CLUSTERED PROGRAMS					
84.002	Adult Education - Basic Grants to States	Career-Technical Education, Division of	$3,128,288		$2,997,314	
84.010	Title I Grants to Local Educational Agencies	Public School Support	66,142,887		66,142,887	
84.010	Title I Grants to Local Educational Agencies	State Department of Education	1,474,688			
	Total 84.010		$67,617,575		$66,142,887	
84.011	Migrant Education - State Grant Program	Public School Support	$7,444,949		$7,444,949	
84.011	Migrant Education - State Grant Program	State Department of Education	375,294			
	Total 84.011		$7,820,243		$7,444,949	
84.013	Title I State Agency Program for Neglected & Delinquent Children & Youth	Public School Support	$717,825			
84.013	Title I State Agency Program for Neglected & Delinquent Children & Youth	State Department of Education	8,468			
	Total 84.013		$726,293			
84.048	Career and Technical Education - Basic Grants to States	Career-Technical Education, Division of	$8,052,803		$8,050,217	
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Blind and Visually Impaired, Commission for the	3,845,248			
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Vocational Rehabilitation, Division of	16,830,743			
	Total 84.126		$20,675,991			
84.144	Migrant Education Coordination Program	State Department of Education	($249)			
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	3,436,630			

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
84.181	Special Education - Grants for Infants and Families	Health and Welfare, Department of	($158,039)	COVID-19		
	Total 84.181		$3,278,591			
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	Vocational Rehabilitation, Division of	$461,942			
84.196	Education for Homeless Children and Youth	Public School Support	314,397		$314,397	
84.196	Education for Homeless Children and Youth	State Department of Education	113,035			
	Total 84.196		$427,432		$314,397	
84.287	Twenty-First Century Community Learning Centers	Public School Support	$5,597,421		$5,597,421	
84.287	Twenty-First Century Community Learning Centers	State Department of Education	407,604			
	Total 84.287		$6,005,025		$5,597,421	
84.323	Special Education - State Personnel Development	Public School Support	$313,786		$313,786	
84.323	Special Education - State Personnel Development	State Department of Education	551,790			
	Total 84.323		$865,576		$313,786	
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Public School Support	$1,019,911		$1,019,911	
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	State Department of Education	680,231			
	Total 84.334		$1,700,142		$1,019,911	
84.358	Rural Education	Public School Support	$95,044		$95,044	
84.358	Rural Education	State Department of Education	(329)			
	Total 84.358		$94,715		$95,044	
84.365	English Language Acquisition State Grants	Public School Support	$1,958,010		$1,958,010	
84.365	English Language Acquisition State Grants	State Department of Education	375,112		31,287	
	Total 84.365		$2,333,122		$1,989,297	
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Public School Support	$9,683,858		$9,630,119	
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	State Department of Education	1,100,863			
	Total 84.367		$10,784,721		$9,630,119	
84.369	Grants for State Assessments and Related Activities	State Department of Education	$5,371,083			
84.424	Student Support and Academic Enrichment Program	Public School Support	6,900,908		$6,900,908	
84.424	Student Support and Academic Enrichment Program	State Department of Education	564,542		100,000	
	Total 84.424		$7,465,450		$7,000,908	
84.334S	GEARUP Scholarships	Education, State Board of	$10,725,939		$1,127,462	
84.421E	Disability Innovation Fund (DIF)	State Department of Education	1,414,375			
84.424F	Stronger Connections Grant (SCG) Program	Public School Support	1,857,548		1,857,548	
84.424F	Stronger Connections Grant (SCG) Program	State Department of Education	5,828			
	Total 84.424F		$1,863,376		$1,857,548	
84.425R	Emergency Assistance to Non-Public Schools	Education, State Board of	$5,037,179	COVID-19		
84.425U	ARP ESSER	Education, State Board of	7,776,921	COVID-19	$1,144,529	COVID-19
84.425U	Education Stabilization Fund - ARPA ESSER III	Public School Support	60,371,285		60,371,285	
84.425U	Education Stabilization Fund - ARPA ESSER III	State Department of Education	728,105	COVID-19		
	Total 84.425U		$68,876,311		$61,515,814	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
84.425V	ARPA - Emergency Assistance for Non-Public Schools	State Department of Education	$27,327	COVID-19		
84.425W	Education Stabilization Fund - ARPA ESSER - Homeless Children and Youth	Public School Support	860,994	COVID-19	$860,994	COVID-19
84.425W	Education Stabilization Fund - ARPA ESSER - Homeless Children and Youth	State Department of Education	269,722	COVID-19		
	Total 84.425W		$1,130,716		$860,994	
	TOTAL NON-CLUSTERED PROGRAMS		$236,108,966		$175,958,068	
	TOTAL DEPARTMENT OF EDUCATION		$315,451,247		$251,757,059	
	NATIONAL ARCHIVES AND RECORDS ADMINISTRATION					
89.003	National Historical Publications and Records Grants	Historical Society, Idaho State	$2,750			
	TOTAL NATIONAL ARCHIVES AND RECORDS ADMIN		$2,750			
	ELECTION ASSISTANCE COMMISSION					
90.404	HAVA Election Security Grants	Secretary of State	$1,153,514		$695,223	
	TOTAL ELECTION ASSISTANCE COMMISSION		$1,153,514		$695,223	
	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	$2,471,704		$2,235,220	
93.044	Special Programs for the Aging, Title III, Part B Grants for Supportive Services and Senior Centers	Aging, Commission on	537,466	COVID-19	537,466	COVID-19
	Total 93.044		$3,009,170		$2,772,686	
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	Aging, Commission on	$4,132,966		$3,896,667	
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	Aging, Commission on	97,021	COVID-19	79,489	COVID-19
	Total 93.045		$4,229,987		$3,976,156	
93.053	Nutrition Services Incentive Program	Aging, Commission on	$471,694		$471,694	
	TOTAL AGING CLUSTER		$7,710,851		$7,220,536	
	CCDF CLUSTER					
93.575	Child Care and Development Block Grant	Health and Welfare, Department of	$45,313,894			
93.575	Child Care and Development Block Grant (CARES Act)	Health and Welfare, Department of	(1,910)	COVID-19	($1,910)	COVID-19
	Total 93.575		$45,311,984		($1,910)	
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Welfare, Department of	$9,005,443			
	TOTAL CCDF CLUSTER		$54,317,427		($1,910)	
	HEAD START CLUSTER					
93.600	Head Start	Health and Welfare, Department of	$114,628			
	TOTAL HEAD START CLUSTER		$114,628			
	MEDICAID CLUSTER					
93.775	State Medicaid Fraud Control Units	Attorney General, Office of the	$920,353			
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Welfare, Department of	2,084,579			
93.778	Grants to States for Medicaid	Health and Welfare, Department of	3,140,480,491			
	TOTAL MEDICAID CLUSTER		$3,143,485,423			

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY 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	$18,749		$18,749	
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	Aging, Commission on	116,363		116,363	
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	Aging, Commission on	32,040	COVID-19	75	COVID-19
	Total 93.042		$148,403		$116,438	
93.043	Special Programs for the Aging, Title III, Part D Disease Prevention and Health Promotion Services	Aging, Commission on	$149,001		$135,496	
93.043	Special Programs for the Aging, Title III, Part D Disease Prevention and Health Promotion Services	Aging, Commission on	36,543	COVID-19	36,543	COVID-19
	Total 93.043		$185,544		$172,039	
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	Aging, Commission on	$351,457		$193,310	
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	Aging, Commission on	67,338	COVID-19	67,338	COVID-19
	Total 93.048		$418,795		$260,648	
93.052	National Family Caregiver Support, Title III, Part E	Aging, Commission on	$1,152,367		$1,003,499	
93.052	National Family Caregiver Support, Title III, Part E	Aging, Commission on	49,254	COVID-19	49,254	COVID-19
	Total 93.052		$1,201,621		$1,052,753	
93.069	Public Health Emergency Preparedness	Health and Welfare, Department of	$5,842,116		$3,032,003	
93.070	Environmental Public Health and Emergency Response	Health and Welfare, Department of	51,726			
93.071	Medicare Enrollment Assistance Program	Aging, Commission on	151,792		137,519	
93.071	Medicare Enrollment Assistance Program	Insurance, Department of	68,009			
	Total 93.071		$219,801		$137,519	
93.072	Lifespan Respite Care Program	Health and Welfare, Department of	$93,832		$12,626	
93.090	Guardianship Assistance	Health and Welfare, Department of	131,670			
93.103	Food and Drug Administration Research	Agriculture, Department of	383,559		14,350	
93.103	Food and Drug Administration Research	Health and Welfare, Department of	120,173			
	Total 93.103		$503,732		$14,350	
93.110	Special Projects of Regional and National Significance	Health and Welfare, Department of	$97,872		($104)	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health and Welfare, Department of	171,493		109,492	
93.127	Emergency Medical Services for Children	Health and Welfare, Department of	189,284			
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	Health and Welfare, Department of	198,639			
93.136	Injury Prevention and Control Research and State and Community Based Programs	Health and Welfare, Department of	2,308,253		718,739	
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Health and Welfare, Department of	161,950		161,562	
93.165	Grants to States for Loan Repayment Program	Health and Welfare, Department of	360,767		227,212	
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	489,506			
93.217	Family Planning Services	Health and Welfare, Department of	1,198,477		986,548	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
93.236	Grants to States to Support Oral Health Workforce Activities	Health and Welfare, Department of	$339,459		$119,665	
93.240	State Capacity Building	Health and Welfare, Department of	275,263			
93.241	State Rural Hospital Flexibility Program	Health and Welfare, Department of	591,376			
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Drug Policy, Office of	1,717,768		1,374,203	
93.243	Substance Abuse and Mental Health Services Projects of Regional and	Health and Welfare, Department of	33,979			
93.243	Substance Abuse and Mental Health Services Projects of Regional and	Public School Support	303,089		252,162	
93.243	Substance Abuse and Mental Health Services Projects of Regional and	State Department of Education	1,295,838			
	Total 93.243		$3,350,674		$1,626,365	
93.251	Early Hearing Detection and Intervention	Health and Welfare, Department of	$212,390			
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	4,486,783		$242,827	
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	3,568,081	COVID-19	3,132,721	COVID-19
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	27,915,581	NC		
	Total 93.268		$35,970,445		$3,375,548	
93.270	Viral Hepatitis Prevention and Control	Health and Welfare, Department of	$529,657		$235,889	
93.301	Small Rural Hospital Improvement Grant Program	Health and Welfare, Department of	355,590		295,246	
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	Health and Welfare, Department of	193,000			
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Welfare, Department of	2,119,969		735,822	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Welfare, Department of	2,338,072	COVID-19	566,525	COVID-19
	Total 93.323		$4,458,041		$1,302,347	
93.324	State Health Insurance Assistance Program	Insurance, Department of	$449,413			
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	290,451			
93.336	Behavioral Risk Factor Surveillance System	Health and Welfare, Department of	331,154			
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Health and Welfare, Department of	126,089	COVID-19		
93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	Health and Welfare, Department of	111,357		$41,714	
93.369	ACL Independent Living State Grants	Vocational Rehabilitation, Division of	401,728			
93.387	National and State Tobacco Control Program	Health and Welfare, Department of	1,014,913		409,094	
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	1,082	COVID-19		
93.426	The National Cardiovascular Health Program	Health and Welfare, Department of	822,029		202,652	
93.497	Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports	Health and Welfare, Department of	228,665	COVID-19	226,501	COVID-19
93.556	MaryLee Allen Promoting Safe and Stable Families Program	Health and Welfare, Department of	1,545,643		5,601	
93.558	Temporary Assistance for Needy Families	Health and Welfare, Department of	26,356,925		242,074	
93.563	Child Support Services	Health and Welfare, Department of	15,894,011			
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Health and Welfare, Department of	1,392,827		506,781	
93.568	Low-Income Home Energy Assistance	Health and Welfare, Department of	$23,969,245		$6,227,100	
93.568	Low-Income Home Energy Assistance (CARES Act)	Health and Welfare, Department of	1,385,714	COVID-19	573,600	COVID-19
	Total 93.568		$25,354,959		$6,800,700	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
93.569	Community Services Block Grant	Health and Welfare, Department of	$3,724,998		$3,583,621	
93.586	State Court Improvement Program	Judicial Department	304,520			
93.590	Community-Based Child Abuse Prevention Grants	Health and Welfare, Department of	248,157			
93.590	Community-Based Child Abuse Prevention Grants	Health and Welfare, Department of	475,776	COVID-19		
	Total 93.590		$723,933			
93.597	Grants to States for Access and Visitation Programs	Health and Welfare, Department of	$170,956			
93.599	Chafee Education and Training Vouchers Program (ETV)	Health and Welfare, Department of	53,513			
93.603	Adoption and Legal Guardianship Incentive Payments Program	Health and Welfare, Department of	620,982			
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Health and Welfare, Department of	689,846		30,610	
93.643	Children's Justice Grants To States	Health and Welfare, Department of	144,204			
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Health and Welfare, Department of	1,649,856			
93.658	Foster Care - Title IV-E	Health and Welfare, Department of	13,739,437			
93.659	Adoption Assistance	Health and Welfare, Department of	15,430,863			
93.667	Social Services Block Grant	Health and Welfare, Department of	7,950,477		365,398	
93.669	Child Abuse and Neglect State Grants	Health and Welfare, Department of	556,645			
93.669	Child Abuse and Neglect State Grants	Health and Welfare, Department of	23,461	COVID-19		
	Total 93.669		$580,106			
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Welfare, Department of	$1,185,715		$1,152,985	
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Welfare, Department of	557,805	COVID-19	557,380	COVID-19
	Total 93.671		$1,743,520		$1,710,365	
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Welfare, Department of	$402,872			
93.698	Elder Justice Act – Adult Protective Services	Aging, Commission on	86,570		$76,605	
93.747	Elder Abuse Prevention Interventions Program	Aging, Commission on	352,783	COVID-19	265,282	COVID-19
93.767	Children's Health Insurance Program	Health and Welfare, Department of	70,394,363			
93.788	Opioid STR	Health and Welfare, Department of	7,763,555		3,211,056	
93.791	Money Follows the Person Rebalancing Demonstration	Health and Welfare, Department of	2,814,876			
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	Health and Welfare, Department of	1,208,598			
93.845	Promoting Population Health through Increased Capacity in Alcohol Epidemiology	Health and Welfare, Department of	$117,792			
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	Health and Welfare, Department of	3,519,794		2,598,721	
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	Health and Welfare, Department of	185,097	COVID-19	104,033	COVID-19
	Total 93.870		$3,704,891		$2,702,754	
93.889	National Bioterrorism Hospital Preparedness Program	Health and Welfare, Department of	$1,107,379		$724,892	
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	Health and Welfare, Department of	1,016,701		286,397	
93.913	Grants to States for Operation of State Offices of Rural Health	Health and Welfare, Department of	216,547			
93.917	HIV Care Formula Grants	Health and Welfare, Department of	6,308,900		968,339	
93.940	HIV Prevention and Surveillance Activities-Health Department Based	Health and Welfare, Department of	$1,107,792		$498,599	
93.958	Block Grants for Community Mental Health Services	Health and Welfare, Department of	4,998,880		186,466	
93.958	Block Grants for Community Mental Health Services	Health and Welfare, Department of	5,862,178	COVID-19	134,989	COVID-19
	Total 93.958		$10,861,058		$321,455	

* 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, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Welfare, Department of	$8,872,232		$1,956,005	
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Welfare, Department of	2,476,006	COVID-19		
	Total 93.959		$11,348,238		$1,956,005	
93.967	Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	Health and Welfare, Department of	$4,020,827		$3,044,195	
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Welfare, Department of	296,292		162,405	
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Welfare, Department of	215,628	COVID-19	74,925	COVID-19
	Total 93.977		$511,920		$237,330	
93.988	Cooperative Agreements for Diabetes Control Programs	Health and Welfare, Department of	$836,465		$215,006	
93.991	Preventive Health and Health Services Block Grant	Health and Welfare, Department of	655,025		524,874	
93.994	Maternal and Child Health Services Block Grant to the States	Health and Welfare, Department of	3,299,143		1,413,954	
	TOTAL NON-CLUSTER PROGRAMS		$310,252,877		$44,547,488	
	Pass-Through From Non-State Entities					
93.103	Food and Drug Administration Research	Agriculture, Department of	$37,778	PT		
	Association of Food & Drug Officials; Grantor Number G-2311-04331, G-ME-2405-04523, G-ME-2405-04486, G-2410-04796, G- ME-2306-04074, G-2311-04332, G-2411-04904					
	TOTAL HEALTH AND HUMAN SERVICES		$3,515,918,984		$51,766,114	
	CORPORATION FOR NATIONAL & COMMUNITY SERVICE					
94.003	AmeriCorps State Commissions Support Grant	Labor, Department of	$84,552			
94.003	AmeriCorps State Commissions Support Grant	Labor, Department of	154,966	COVID-19		
	Total 94.003		$239,518			
94.006	AmeriCorps State and National	Labor, Department of	$2,480,495		$2,468,606	
94.006	AmeriCorps State and National	Labor, Department of	3,649,118	COVID-19	3,646,903	COVID-19
	Total 94.006		$6,129,613		$6,115,509	
94.008	AmeriCorps Commission Investment Fund	Labor, Department of	$210,089			
94.013	AmeriCorps Volunteers In Service to America	Correction, Department of	13,841			
94.013	AmeriCorps Volunteers In Service to America	Labor, Department of	16,204			
	Total 94.013		$30,045			
	TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICE		$6,609,265		$6,115,509	
	EXECUTIVE OFFICE OF THE PRESIDENT					
95.001	High Intensity Drug Trafficking Areas Program	Police, Idaho State	$579,718		$116,880	
	TOTAL EXECUTIVE OFFICE OF THE PRESIDENT		$579,718		$116,880	
	SOCIAL SECURITY ADMINISTRATION					
	DISABILITY INSURANCE/SSI CLUSTER					
96.001	Social Security Disability Insurance	Labor, Department of	$12,439,620			
	TOTAL DISABILITY INSURANCE/SSI CLUSTER		$12,439,620			

* 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, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
	NON-CLUSTERED PROGRAMS					
96.U23	Vital Statistics Birth Records Grants	Health and Welfare, Department of	$135,462			
96.U24	Vital Statistics Cooperative Program	Health and Welfare, Department of	140,568			
96.U25	Social Security Birth and Death Reports	Health and Welfare, Department of	78,749			
	TOTAL NON-CLUSTERED PROGRAMS		$354,779			
	TOTAL SOCIAL SECURITY ADMINISTRATION		$12,794,399			
	DEPARTMENT OF HOMELAND SECURITY					
97.008	Nonprofit Security Grant Program	Military, Division of	$533,435		$458,436	
97.012	Boating Safety Financial Assistance	Parks and Recreation, Department of	1,544,907		841,422	
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	Water Resources, Department of	178,959			
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military, Division of	5,357,857		5,306,453	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military, Division of	8,063,181	COVID-19	6,325,890	COVID-19
	Total 97.036		$13,421,038		$11,632,343	
97.039	Hazard Mitigation Grant	Military, Division of	$981,113		$839,063	
97.041	National Dam Safety Program	Water Resources, Department of	69,734			
97.042	Emergency Management Performance Grants	Military, Division of	4,513,724		1,346,712	
97.046	Fire Management Assistance Grant	Military, Division of	363			
97.047	BRIC: Building Resilient Infrastructure and Communities	Military, Division of	300,855		239,381	
97.067	Homeland Security Grant Program	Military, Division of	5,257,326		3,933,700	
97.111	Regional Catastrophic Preparedness Grant Program (RCPGP)	Military, Division of	116,648			
	TOTAL DEPARTMENT OF HOMELAND SECURITY		$26,918,102		$19,291,057	
	RESEARCH AND DEVELOPMENT CLUSTER					
	DEPARTMENT OF AGRICULTURE					
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	$1,227,520	R&D	$1,154,293	R&D
	Research and Development Cluster: Agricultural Marketing Service					
	TOTAL DEPARTMENT OF AGRICULTURE		$1,227,520		$1,154,293	
	DEPARTMENT OF COMMERCE					
11.407	Interjurisdictional Fisheries Act of 1986	Fish and Game, Department of	$12,830	R&D		
	Research and Development Cluster: National Oceanic and Atmospheric Administration					
11.441	Regional Fishery Management Councils	Fish and Game, Department of	50,262	R&D		
	Research and Development Cluster: Pacific Fisheries Management Council					
	TOTAL DEPARTMENT OF COMMERCE		$63,092			
	DEPARTMENT OF DEFENSE					
12.300	Basic and Applied Scientific Research	Fish and Game, Department of	$4,074	R&D		
	Research and Development Cluster: Department of the Navy					
	TOTAL DEPARTMENT OF DEFENSE		$4,074			

* 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, 2025

AL	FEDERAL AGENCY PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS	TYPE*
	DEPARTMENT OF THE INTERIOR					
15.517	Fish and Wildlife Coordination Act	Fish and Game, Department of	$153,972	R&D		
	Research and Development Cluster: Bureau of Reclamation					
15.605	Sport Fish Restoration	Fish and Game, Department of	843,861	R&D	$79,068	R&D
	Research and Development Cluster: Fish & Wildlife Service					
15.611	Wildlife Restoration and Basic Hunter Education and Safety	Fish and Game, Department of	2,510,850	R&D	364,784	R&D
	Research and Development Cluster: Fish & Wildlife Service					
15.615	Cooperative Endangered Species Conservation Fund	Fish and Game, Department of	122,520	R&D	54,046	R&D
	Research and Development Cluster: Fish & Wildlife Service					
	TOTAL DEPARTMENT OF THE INTERIOR		$3,631,203		$497,898	
	DEPARTMENT OF LABOR					
17.002	Labor Force Statistics	Labor, Department of	$655,654	R&D		
	Research and Development Cluster: Bureau of Labor Statistics					
17.005	Compensation and Working Conditions	Labor, Department of	19,059	R&D		
	Research and Development Cluster: Bureau of Labor Statistics					
	TOTAL DEPARTMENT OF LABOR		$674,713			
	DEPARTMENT OF TRANSPORTATION					
20.205	Highway Planning and Construction	Transportation Department, Idaho	$913,847	R&D		
	Research and Development Cluster: Federal Highway Administration					
	TOTAL DEPARTMENT OF TRANSPORTATION		$913,847			
	DEPARTMENT OF ENERGY					
81.U17	Miscellaneous Bonneville Power Administration Grants	Fish and Game, Department of	$2,761,509	R&D	$128,301	R&D
	Research and Development Cluster: Bonneville Power Administration					
	TOTAL DEPARTMENT OF ENERGY		$2,761,509		$128,301	
	TOTAL RESEARCH AND DEVELOPMENT CLUSTER		$9,275,958		$1,780,492	
	TOTAL EXPENDITURES OF FEDERAL AWARDS		$5,480,280,656		$646,886,711	

* 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, 2025

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, the Idaho Fish and Wildlife Foundation, 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 Listing.

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.”

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 Agency uses the 10% de Minimis indirect cost rate: The Office of Drug Policy.

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 $120,687,482 and the federal portion was $21,257,274.

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, 2025, was $600,800. 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, 2025

Loan programs at June 30, 2025:

CAPITALIZATION GRANTS FOR CLEAN WATER – AL 66.458

	Loan Authorized	Principal Repayments	Remaining Commitment	Receivable Balance
Completed Projects	$350,848,277	$120,344,663		$230,503,614
Projects in Progress	269,238,465		$61,810,744	207,427,721
Totals	$620,086,742	$120,344,663	$61,810,744	$437,931,335
Less: Amount Due Within 1 Year				($17,283,048)
Loans Receivable Net of Current Maturities				$420,648,287

CAPITALIZATION GRANTS FOR DRINKING WATER – AL 66.468

	Loan Authorized	Principal Repayments	Remaining Commitment	Receivable Balance
Completed Projects	$190,085,865	$59,866,102		$136,219,763
Projects in Progress	$93,286,215		$68,726,266	24,559,949
Totals	$289,372,080	$59,866,102	$68,726,266	$160,779,712
Less: Amount Due Within 1 Year				($7,254,240)
Loans Receivable Net of Current Maturities				$153,525,472

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AUDITOR'S RESULTS

STATE OF IDAHO
SUMMARY OF AUDITOR'S RESULTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

BASIC FINANCIAL STATEMENTS

1. Type of auditor's report issued:

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

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:

Military Construction, National Guard	*Unmodified*
Fish and Wildlife Cluster	*Unmodified*
Coronavirus State and Local Fiscal Recovery Funds	*Unmodified*
Drinking Water State Revolving Fund (DWSRF)	*Qualified*
Rehabilitation Services – Vocational Rehabilitation Grants to States	*Qualified*
Aging Cluster	*Qualified*
Low-Income Home Energy Assistance	*Qualified*
CCDF Cluster	*Unmodified*
Social Services Block Grant	*Qualified*
Children's Health Insurance Program	*Qualified*
Medicaid Cluster	*Qualified*
Block Grants for Community Mental Health Services	*Unmodified*
Homeland Security Grant Program	*Qualified*

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

STATE OF IDAHO
SUMMARY OF AUDITOR'S RESULTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

7. Identification of major programs:

Program/Cluster Title	AL #
Military Construction, National Guard	12.400
Fish and Wildlife Cluster	15.605, 15.611, 15.626
Coronavirus State and Local Fiscal Recovery Funds	21.027
Drinking Water State Revolving Fund (DWSRF)	66.468
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126
Aging Cluster	93.044, 93.045, 93.053
Low-Income Home Energy Assistance	93.568
CCDF Cluster	93.575, 93.596
Social Services Block Grant	93.667
Children's Health Insurance Program	93.767
Medicaid Cluster	93.775, 93.777, 93.778
Block Grants for Community Mental Health Services	93.958
Homeland Security Grant Program	97.067

8. Dollar threshold used to distinguish between Type A and Type B programs: $16,440,842

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, 2025

STATE AGENCY		PAGE
IDAHO DEPARTMENT OF ADMINISTRATION		
2025-101	The Department entered incorrect in-service dates for nine capital assets causing Capital Assets, Net of Depreciation to be overstated by $10,724,635 on the *Annual Comprehensive Financial Report* (ACFR).	34
OFFICE OF THE STATE CONTROLLER		
2025-102	The Office did not complete reconciliations by fund for fiscal years 2024 or 2025 resulting in unverified pooled cash and cash equivalent amounts on the financial statements.	36
2025-103	The Office's internal review failed to prevent misstatements on the Federal Stimulus fund on the Governmental Funds balance sheet.	37
2025-104	Inappropriate classification of transfers and intrafund activity caused multiple misstatements on the ACFR.	39
2025-105	Long-term liability and contractual commitment disclosures were significantly misstated on the ACFR.	40
2025-106	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.	41
2025-107	The Office's inadequate data reconciliation process established during the audit period continues to allow duplicate payments to occur.	43
2025-108	Incomplete review of existing interfaces between the State agencies and Luma increases the risk of errors occurring and going undetected.	45
2025-109	Multiple control deficiencies were identified in Luma's Security and Privacy Program increasing the risk of fraud, unauthorized transactions, data manipulation, or undetected errors.	46
IDAHO DEPARTMENT OF CORRECTION		
2025-110	The Department did not record two capital assets valued at $35,698,085 in the statewide accounting system, Luma.	49
2025-111	The Department recorded budgeted amounts as capital assets instead of actual expenditures resulting in an overstatement of $570,721.	50
IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY		
2025-112	The Department was unable to reconcile the Loans and Notes Receivable ending balance between the Department's Loan & Grant Tracking System (LGTS) and the State's accounting system, LUMA, for the Clean Water and Drinking Water State Revolving funds, resulting in incorrected reported balances.	51

STATE OF IDAHO
SCHEDULE OF BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE AGENCY		PAGE
IDAHO DIVISION OF FINANCIAL MANAGEMENT		
2025-113	The Division's internal review failed to prevent a material misstatement on the Grants Advances closing package for the American Rescue Plan Act (ARPA) funds.	52
IDAHO STATE TREASURER'S OFFICE		
2025-114	The State Treasurer's Office does not have procedures in place to comply with its investment policies that state monthly distributions will be calculated from the figures provided by TATRS and reconciled against third-party information.	55

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IDAHO DEPARTMENT OF ADMINISTRATION (Department)

Finding 2025-101

The Department entered incorrect in-service dates for nine capital assets causing Capital Assets, Net of Depreciation to be overstated by $10,724,635 on the *Annual Comprehensive Financial Report* (ACFR).

Type of Finding: Material Weakness, Substantive Error

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.

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.

Each year the Office of the State Controller (Office) prepares the statewide *Annual Comprehensive Financial Report* (ACFR) in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) establishes GAAP for state and local governments. The GASB Statement 34, paragraphs 20 and 21, states that capital assets should be depreciated over their useful lives and should be reported net of accumulated depreciation in the statement of net position.

Condition: We tested the Department's Building and Improvement capital assets to verify that the assets' value, useful lives, depreciation expense, and accumulated depreciation were calculated correctly. We selected 15 assets we consider to be individually significant items (ISIs) based on their dollar value and selected 14 other assets for a total of 29 assets to be reviewed. We identified errors in 8 of the ISIs and identified that they were all part of the Chinden Campus acquisition. Because the errors were all related to the Chinden Campus acquisition, we searched for other assets involved in that purchase. After identifying errors in all the Chinden Campus assets in our sample, we identified and tested the final asset included in that acquisition and also identified the same error. All 9 Chinden Campus assets had incorrectly calculated useful lives, depreciation expense, and accumulated depreciation. When the Department entered assets into Luma during the implementation of the new accounting system, incorrect in-service dates were used causing Luma to calculate the useful life, depreciation expense, and accumulated depreciation incorrectly.

Cause: The Department did not have a control in place to review the entries for the assets for accuracy prior to posting in Luma.

Effect: The incorrect in-service dates caused the accumulated depreciation to be understated and the net capital asset value to be overstated from the date of implementation, July 1, 2023, by the same amount, $10,724,635, as shown in the following table:

Auditor Calculated Amounts								Luma Amounts	
Description	Basis	Life	Monthly Depreciation	In-Service Date	Fiscal Year End	Months In Service	Fiscal Year End Depreciation	Depreciation in Luma as of Fiscal Year End 2025	Over/ Under Statement of Accumulated Depreciation
CHINDEN CAMPUS BUILDING #1	$14,609,719.38	480	$30,436.92	6/30/2018	6/30/2025	84	$2,556,700.89	$60,969	($2,495,731)
CHINDEN CAMPUS BUILDING #2	$14,999,023.03	480	$31,247.96	6/30/2018	6/30/2025	84	$2,624,829.03	$424,975	($2,199,854)
CHINDEN CAMPUS BUILDING #3	$13,388,052.73	480	$27,891.78	6/30/2018	6/30/2025	84	$2,342,909.23	$334,701	($2,008,208)
CHINDEN CAMPUS BUILDING #4	$13,206,155.86	480	$27,512.82	6/30/2018	6/30/2025	84	$2,311,077.28	$5,799,650	$3,488,573
CHINDEN CAMPUS BUILDING #5	$16,174,845.75	480	$33,697.60	6/30/2018	6/30/2025	84	$2,830,598.01	$404,371	($2,426,227)
CHINDEN CAMPUS BUILDING #6	$14,500,950.98	480	$30,210.31	6/30/2018	6/30/2025	84	$2,537,666.42	$211,472	($2,326,194)
CHINDEN CAMPUS BUILDING #7	$11,928,293.44	480	$24,850.61	6/30/2018	6/30/2025	84	$2,087,451.35	$880,145	($1,207,306)
CHINDEN CAMPUS BUILDING #8	$12,984,774.08	480	$27,051.61	6/30/2018	6/30/2025	84	$2,272,335.46	$958,099	($1,314,237)
CHINDEN CAMPUS CAFETERIA	$2,413,534.75	480	$5,028.20	6/30/2018	6/30/2025	84	$422,368.58	$186,919	($235,450)
							Total Understatement of Accumulated Depreciation		**($10,724,635)**

We did not identify any errors in the other capital assets tested. The error exceeded our materiality of $9,953,018 for the Department's Capital Assets, Net of Depreciation.

Recommendation: We recommend that the Department design and implement procedures to ensure the accuracy of capital asset entries in Luma, including the review and approval of these entries by a qualified second person with accounting and capital asset knowledge.

Management's View: *The agency disagrees with the finding.*

The in service date proposed in the letter attributes depreciation to the Department prior to the transfer of the asset itself to the department.

Corrective Action: *Corrective action will include full review of transfer documents in cooperation with LSO and SCO to determine appropriate dates and values for the assets to include any additions, capitalized interest, and accumulated depreciation. Admin will also work with SCO to develop or update training guides in conjunction with the documented procedure for recording such transfers in LUMA.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. We would like to clarify that the purpose of our capital asset testing at the Department was to verify the amount reported on the statewide financial statements as capital assets, net of depreciation. In June 2023, the state switched to a new accounting system, Luma, and the amounts the Department entered in Luma as in-service dates, asset values, and accumulated depreciation for these assets were incorrect.

We calculated the correct amounts using the best information available from the Department at the time of our testing. The amount that should have been reported as capital assets, net of depreciation at the end of fiscal year 2025 is the same regardless of whether the depreciation is attributed to the Idaho State Building Authority or the Department. We agree that establishing procedures for entering assets into Luma, including a review for accuracy, is a good step to prevent errors in the future, and we encourage the Department to work with the Office of the State Controller to accurately report these assets.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

OFFICE OF THE STATE CONTROLLER (Office)

Finding 2025-102
The Office did not complete reconciliations by fund for fiscal years 2024 or 2025 resulting in unverified pooled cash and cash equivalent amounts on the financial statements.

Related to Prior Finding: 2024-100 communicated on September 18, 2025, in the State of Idaho Internal Control Report

Related to Current Finding: 2025-114

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 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. Best practices for identifying errors in cash amounts include timely reconciliations and regularly reviewing procedures.

Condition: When the State of Idaho implemented a new statewide enterprise resource planning system, 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 process was not corrected in fiscal year 2025 resulting in unverified cash balances on the financial statements.

The lack of adequate reconciliations between the bank and the accounting system increases the risk that material misstatements may exist within the State of Idaho's pooled cash and cash equivalents. In addition, the amount of outstanding warrants could not be confirmed. Warrants are the State's version of a check that a consumer would use to draw funds on their account. Outstanding warrants are warrants that have not yet cleared the bank but have already been recorded in the accounting system. Typically, when reconciling an account to the bank, one would add outstanding warrants to the accounting system cash balance then subtract any outstanding deposits (included in the system but not received by the bank) in order to reconcile to the account balance according to the bank statement. Luma does not currently have adequate reports, or static reports, to verify the accuracy of outstanding warrant amounts. Support provided by the Idaho State Treasurer's Office does not match reports provided by the Office, and reports that are reperformed in Luma do not match those provided by the Office.

The lack of adequate reconciliations increases the risk that mark-to-market adjustments for the IDLE funds may contain material errors. The accuracy of IDLE allocation amounts across the State's funds in the financial statements could not be fully 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
- Business-Type Activities
- General Fund
- Health and Welfare Fund
- Transportation Fund
- Federal Stimulus Fund
- Loan Fund

Recommendation: We recommend that the Office implement reconciliation procedures between Luma, the Idaho State Treasurer's Office, and the bank to ensure pooled cash and cash equivalents 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: *The Office has developed a sustainable and effective cash reconciliation and has finished the reconciliation for fiscal years 2024 and 2025, as well as 2026 up to the month that is available.*

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. As of the date we issued our opinion on the fiscal year 2025 ACFR, May 21, 2026, the Office had not provided any evidence of completed cash reconciliations from July 1, 2023, through June 30, 2025. We continue to assert that this process is critical in ensuring accurate financial statements and look forward to reviewing any evidence the Office can provide during the fiscal year 2026 ACFR audit.

Finding 2025-103
The Office's internal review failed to prevent misstatements on the Federal Stimulus fund on the Governmental Funds balance sheet.

Related to Prior Finding: 2024-102 communicated on September 18, 2025, in the State of Idaho Internal Control Report

Related to Current Finding: 2025-113

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. Best practices for identifying errors in cash amounts include timely reconciliations and regularly reviewing procedures.

Condition: The Division of Financial Management submitted the Grants Advances closing package for American Rescue Plan Act (ARPA) with inaccurate amounts. The Division included prior-year interest revenue in the amount of $53.4 million and current-year interest in the amount of $25.7 million. This resulted in a $79.1 million overstatement of unearned revenue and restricted cash and understatement of pooled cash and cash equivalents for the Federal Stimulus fund on the Governmental Funds balance sheet. It also resulted in a $25.7 million understatement of grant and contribution revenue for the current year and understated prior-years' grant and contribution revenue by $53.4 million.

Cause: The Office did not review journal entries, including those from closing packages and adjustments, at a level sufficient to prevent misstatements. In addition, the financial statements were not reviewed at a sufficient level of detail to identify potential misstatements. The original submission of the grant advance closing package by the Division of Financial Management included interest revenues that should not have been considered advance funds, and agency personnel were not sufficiently trained to properly complete the closing package.

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 understated by $25.7 million and prior-period revenues were understated by $53.4 million. On the Balance Sheet, unearned revenues and restricted cash were overstated by $79.1 million and pooled cash and cash equivalents were understated by $79.1.
- On the Governmental Activities of the Government-Wide Statement of Net Position, unearned revenues and restricted cash were overstated by $79.1 million and pooled cash and cash equivalents were understated by $79.1. On the Statement of Activities, Governmental Activities Operating Grants and Contributions of the General Government function were understated by $25.7 million and prior-period revenues were understated by $53.4 million.

Recommendation: We recommend that the Office strengthen internal controls to ensure all appropriate closing packages are processed and included in the financial statements correctly.

Management's View: *The State Controller's Office agrees with this finding.*
Corrective Action: *The Office has met and worked with the Division of Financial Management to ensure that the correct amounts are being reported. The process has been added to the instructions as well.*

Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit. We are concerned that the corrective action provided above, indicating that the issue has been addressed and adjustments to instructions have been made, will not prevent errors from occurring in the future. We suggest that the Office evaluate current review procedures and determine long-term improvements to the process including, but not limited to, additional training for staff completing the review and incorporation of closing package information in the financial statements.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Finding 2025-104
Inappropriate classification of transfers and intrafund activity caused multiple misstatements on the ACFR.

Related to Prior Finding: 2024-103 communicated on September 18, 2025, in the State of Idaho Internal Control Report

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.

Additionally, Governmental Accounting Standards Board (GASB*) Statement No. 54, Paragraph 30*, states that specific restricted or committed revenues may initially be received in one fund and subsequently distributed to a special revenue fund. Such amounts should not be recognized as revenue in the initial receiving fund but instead recognized as revenue in the special revenue fund in which they will be expended in accordance with specified purposes. Proper classification of revenues and transfers is necessary to ensure accurate presentation within the governmental fund financial statements.

Condition: Multiple misstatements related to inappropriate classification of tax revenues as transfers and the elimination of intrafund activity were noted on the initial draft of the ACFR.

Misclassification of tax revenues as transfers resulted in material errors in sales tax and transfers in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund balance in the General Fund and Transportation Fund. We noted the following errors that exceeded the materiality threshold for the opinion unit due to misclassification of tax revenues as transfers:

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

- General Fund
  - Sales tax overstated by $171.9 million
  - Transfers out overstated by $171.9 million
- Transportation Fund
  - Sales tax understated by $117.5 million
  - Transfers in overstated by $117.5 million

Additional errors related to intrafund activity and misclassification of transfers resulted in errors that exceeded our trivial thresholds but did not exceed the materiality threshold for the applicable opinion unit for revenues, expenditures, and transfers of the General Fund, Transportation Fund, Health and Welfare Fund, and Nonmajor

Governmental Fund. This also resulted in errors and the grossing up of revenues and expenses in the Statement of Activities for the Governmental Activities opinion unit.

The Office made corrections on the final ACFR properly reclassifying amounts related to transfers.

Cause: The Office did not review the financial statements at a level sufficient to prevent the misclassification of transfers. In addition, inadequate training of agency personnel resulted in difficulty in appropriately classifying transfers from revenues for different opinion units.

Effect: Various misstatements in the Government-Wide Statement of Activities and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance.

The impact to the initial draft of the financial statements is detailed in the condition statement for the material errors, had they not been corrected. Errors were subsequently corrected on the final ACFR.

Recommendation: We recommend that the Office provide additional training to State agency personnel on proper classification of revenues and transfers to ensure accurate presentation within the governmental fund financial statements. 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: *The process of how we pull data into the statements was updated to present as revenue and expenses, rather than transfers. Due to this change, the process had to once again be looked at and adjusted. We have determined the best process for the adjustments and have updated the instructions to ensure proper classification.*

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

Finding 2025-105
Long-term liability and contractual commitment disclosures were significantly misstated on the ACFR.

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. Best practices for identifying errors in cash amounts include timely reconciliations and regularly reviewing procedures.

Condition: Note 13, "Bonds, Notes and Other Long-Term Liabilities," initially included incorrect amounts related to the Transportation Expansion and Congestion Mitigation fund (TECM) total principal and interest payments, remaining on the notes, and total pledged revenues. Specifically, disclosed amounts of $1.2 trillion and $2.0 trillion

related to the total principal and interest payments remaining on the notes and total pledged revenues should have been reported as $1.2 billion and $2.0 billion, respectively. Additionally, Note 16, "Litigation, Contingencies, Commitments, and Encumbrances," initially omitted required disclosures related to significant contractual commitments identified in the Department of Health and Welfare (DHW) closing package information. Specifically, multiple contracts with $1.6 billion commitments remaining. These commitments exceeded the minimum disclosure threshold of $5 million but were not initially included in the ACFR note disclosures. Both issues were subsequently corrected on the final ACFR.

Cause: The Office did not review the note disclosures at a level sufficient to prevent the misstatements and omitted disclosures.

Effect: The ACFR note disclosures contained inaccurate and incomplete information related to long-term liabilities, pledged revenues, and contractual commitments. Specifically, the total principal and interest payments remaining on the TECM notes were overstated by $1.2 trillion, total pledged revenues were overstated by $2 trillion, and the DHW commitments were omitted in the amount of $1.6 billion. These issues did not affect the underlying financial statement balances; however, the notes are an integral part of the financial statements, and errors of this size, if undetected and uncorrected, would likely mislead the user.

The errors were subsequently corrected on the final ACFR.

Recommendation: We recommend that the Office strengthen the review process over the compilation of the ACFR to ensure that note disclosure amounts are properly identified, included, and agree to the support documentation.

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

Corrective Action: *The team will utilize tracking sheets to ensure that all miscellaneous questions are reviewed for each task. We will attach the documentation in Wdesk for review.*

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

Finding 2025-106
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: 2024-105 communicated on September 18, 2025, in the State of Idaho 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 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. Best practices for identifying errors in cash amounts include timely reconciliations and regularly reviewing procedures.
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	12
Note 2: Deposits, Investments, and Restricted Assets	6
Note 4: Intraentity Transactions	1
Note 6: Capital Assets	2
Note 8: Pension Plans	1
Note 9: Postemployment Benefits Other than Pensions	1
Note 12: Short-Term Debt	2
Note 13: Long-Term Liabilities	10
Note 14: Equity	4
Note 16: Litigation, Contingencies, Commitments, and Encumbrances	3
Management Discussion and Analysis	5
Required Supplementary Information	3

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.

Effect: The financial statements and note disclosures submitted contained several misstatements and information that were not clearly presented. The amounts of which were not material but exceeded our trivial threshold. All but 3 of the items identified above were corrected on the final ACFR and those that were not corrected were not material.

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: *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. We have scheduled and will train the team on how to review and what to look for to ensure the review process is complete and accurate. We have switched which team members do tasks, to help with reviewing tasks that they are familiar with. 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 2025-107
The Office's inadequate data reconciliation process established during the audit period continues to allow duplicate payments to occur.

Related to Prior Finding: 2024-106 communicated on September 18, 2025, in the State of Idaho Internal Control Report

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 information systems (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 (SP) 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, on July 1, 2023.

We contracted with an independent advisory firm, Baker Tilly, to conduct an information technology (IT) audit of Luma in fiscal year 2024. 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. That report identified 23 deficiencies related to data validation with 16 of them designated as high risk and 7 as moderate risk. High risk indicates a significant likelihood, and 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. In addition, one deficiency noted the lack of validation control to reconcile master transactional data.

We reviewed the Office's progress in correcting those deficiencies and the deficiencies noted through our audit of the fiscal year 2024 ACFR.

One of the recommendations from the Baker Tilly report suggested that the Office evaluate Luma to determine if an automated process to reconcile data was possible. We found that the Office is now utilizing tools within Luma to monitor and produce processing logs. Our review also found that the Office has established formal written

procedures for validating data in Luma transactions; however, an automated data validation process did not start until April 2025.

The Office designed a script control that compares current data records to recent prior data records processed to prevent multiple instances of the same data record from being produced or duplicate payments being issued. Automated business processes and corresponding application controls were also designed to help ensure that interfaced data is processed once and only once. However, this process was designed and tested in April 2026 and not implemented during the audit period.

Duplicate payments occurred in fiscal year 2024 and continued to occur in fiscal year 2025. The duplication of payments only occurred through the banking system and were only recorded in Luma once, resulting in the inability to identify or track the erroneous payments through Luma. However, implementation of an appropriate reconciliation process related to the 517 files uploaded to the bank and Luma, or a cash reconciliation of State bank activity would have assisted in the identification of duplicate payments; however, a statewide, by fund and agency, cash reconciliation has not been completed during fiscal year 2025.

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

The Office utilizes tools within Luma to monitor and produce processing logs, specifically for interfaced data. However, the Office had not established an appropriate reconciliation process for banking transactions during the audit period that would help detect errors of this nature.

There were a variety of root causes for each instance when duplicate payments were processed. However, the common denominator between the events was the lack of suitable and effective controls, such as 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 the errors. The continued lack of data reconciliations failed to prevent or detect and correct the system from processing duplicate payments.

The lack of data integrity resulted in the State continuing to issue duplicate payments in fiscal year 2025. 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 policies and procedures that include data reconciliation controls.

While the Office implemented a quarterly data validation process in April 2025, given the errors identified and lack of a full reconciliation of transactions processed between the bank and Luma, the risk remains that errors could occur and go undetected. To ensure that the data records are complete, accurate, and valid, a periodic reconciliation process of master and transaction data should also be performed.

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. Data validation on a quarterly basis is an improvement, however, identifying errors and making corrections in a timely manner may prove more difficult with such large time frames.

Finding 2025-108
Incomplete review of existing interfaces between the State agencies and Luma increases the risk of errors occurring and going undetected.

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 security and privacy controls presented in the *NIST Special Publication (SP) 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, on July 1, 2023.

We contracted with an independent advisory firm, Baker Tilly, to conduct an information technology (IT) audit of Luma in fiscal year 2024. 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. That report identified 23 deficiencies related to data validation with 16 of them designated as high risk and 7 as moderate risk. High risk indicates significant likelihood, and moderate risk indicates a moderate risk 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.

Deficiencies related to interface controls were largely a result of inconsistent configurations, incomplete or informally managed specification documentation, and a lack of established data validation controls.

We completed a review of the Office's progress in correcting deficiencies noted in the fiscal year 2024 ACFR, including recommendations that existing interfaces be reviewed and validated and that interfaced data be reconciled from the source to the target systems to verify the integrity of the interfaced data.

The Office originally identified 164 interfaces across State agencies; however, the total number of interfaces has expanded to 255. The Office reviewed 194 of the existing interfaces at the time of our inquiry with intentions of completing the other interface reviews before the end of fiscal year 2026.

In addition, a schedule was established to validate the interface systems on an annual basis each April, May, June, and July. However, the Office has not identified the resource requirements to continue the ongoing data validation and reviews of system interfaces.

The Office also established formal processes for data validation controls, including completing a roadmap with major milestones and establishing a data reconciliation process. These validation controls include a quarterly data validation process to match master and transaction data records between agency systems and Luma. However, a quarterly review, largely independent of agency feedback, lacks the control structure to ensure that the data processed was complete, accurate, and valid.

Cause: Data validation and interface controls were not effectively designed or implemented. The Office did not design and implement processes to periodically review data validation or other interface controls to assess the completeness and accuracy of interfacing data during the audit period. In addition, reporting capabilities were not utilized to aid in the reconciliation of data source systems. Finally, design documentation and build specifications were informally reviewed and maintained and did not consistently document expected processes and procedures related to interfaced data handling.

Effect: 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 outputs.

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.

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.

Recommendation: We recommend that the Office continue to 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.

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

Corrective Action: *The Office has reviewed 240 out of 253 interfaces and has the remaining 13 in progress.*

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

Finding 2025-109
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: 2024-107 communicated on September 18, 2025, in the State of Idaho Internal Control Report

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 (SP) 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 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, which 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) system, Luma, on July 1, 2023.

We contracted with an independent advisory firm, Baker Tilly, to conduct an IT audit of Luma in fiscal year 2024. 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. Baker Tilly identified 37 deficiencies related to an informally managed security and privacy program and classified the deficiencies as moderate or low risk. Moderate risk indicates a moderate likelihood and low risk indicates a low 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.

We completed a review of the Office's progress in correcting these deficiencies. We found that the Office had not formally designed and documented all of the recommended policies and procedures in relation to the security and privacy program for Luma to be maintained and updated on a periodic basis. In addition, critical security processes

such as 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 were not designed, documented, or implemented during the audit period to the expected level of maturity outlined in the FISCAM framework.

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

When an 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 manually update the employees' permissions and access roles within Luma.

The Office implemented the Authorization Insights tool in December 2025, after the audit period, and plans to implement the Certification Manager tool in late fiscal year 2026 or early fiscal year 2027. The Authorization Insights tool performs a daily separation of duties conflict scan within Luma. The Certification Manager tool will automate functionality to identify SAR-approved roles and current Luma access roles.

Cause: Key security and privacy processes, including the lack of updated or managed policies and procedures and inadequately designed security and privacy controls were informally designed and implemented during the audit period. Specifically, a formal security and privacy management program had not been established during the implementation of Luma and were not updated during fiscal year 2025. Critical security processes such as a formal risk assessment, access reviews and restriction of privileged access, incident response program, business continuity and disaster recovery plan were not designed, implemented, or documented during the implementation of Luma and were not improved upon during the audit period. Security and privacy controls that existed within the control environment continued to be informal, unoptimized, and performed on a case-by-case basis during the audit period.

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 the Infor Governance, Risk, and Compliance (GRC) software, it was not implemented during the fiscal year.

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

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

We further recommend that the Office continue to monitor routine reconciliation procedures to ensure user access roles and system permissions match SAR forms. We also recommend that the Office regularly review SAR forms to verify accuracy. 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.

IDAHO DEPARTMENT OF CORRECTION (Department)

Finding 2025-110
The Department did not record two capital assets valued at $35,698,085 in the statewide accounting system, Luma.

Type of Finding: Material Weakness, Substantive Error

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.

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: The state of Idaho implemented Luma on July 1, 2023. The Department did not properly identify a leased asset and correctly enter it in Luma during the transition. The Department reported the lease purchase asset to the Office in a closing package in fiscal year 2023 and it was correctly reported in the ACFR for fiscal year 2023. The Department then entered this asset in Luma in fiscal year 2024, but the entry did not include the correct general ledger and posting codes. The Office identified this asset as part of its ACFR compilation procedures and reported it correctly in fiscal years 2024 and 2025, but the Luma entry was not corrected.

We also identified an asset that was recorded as construction in progress (CIP) in fiscal year 2024 even though it was completed in fiscal year 2023 and should have been removed from CIP and included as an addition to capital assets. The CIP asset was eventually removed from CIP, and entered into Luma in fiscal year 2025, but the entry was listed as pending and not completed so the asset was not included in the initial draft of the ACFR.

Cause: The Department did not have adequate procedures in place to identify leased assets that should be converted to owned assets or CIP that should be converted to an owned asset and make the correct entries in Luma in the subsequent fiscal years.

Effect: Luma is the system of record for the State, and tracking assets outside the system of record could cause errors in ACFR reporting that would remain undetected.

The asset that was removed from CIP but not added to capital assets was valued at $13,117,843. This asset was not included in the initial draft of the fiscal year 2025 ACFR resulting in an understatement of capital assets.

The asset that was leased and then purchased was valued at $22,580,242, and was accurately reported in the statewide financial statements, but not correctly recorded in Luma.

Recommendation: We recommend that the Department design and implement procedures to ensure the accuracy of capital asset entries in Luma, including procedures to verify the completeness of the capital assets recorded.

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

Corrective Action: *The corrective action plan being implemented is that when a major asset (IE buildings) is purchased or acquired, communication will be made with both Division of Public Works and Idaho State Building Authority for supporting documentation and value of asset.*

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

Finding 2025-111
The Department recorded budgeted amounts as capital assets instead of actual expenditures resulting in an overstatement of $570,721.

Type of Finding: Significant Deficiency, Substantive Error

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.

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: We tested the Department's capital asset additions to verify that the total cost, useful lives, and accumulated depreciation were calculated and recorded correctly. We selected 4 individually significant items (ISIs), based on high dollar value, and 21 other assets for a total sample of 25 tested assets.

Our testing found that 2 ISI assets were entered into the statewide accounting system, Luma, at their original budgeted amounts rather than the actual final cost of the assets.

Cause: The Department has an internal control procedure in place for capital asset additions to be reviewed for accuracy and financial coding before they are recorded in Luma. Our testing verified that this procedure occurred for both incorrectly recorded assets, however, the review did not detect the errors.

Effect: The amounts entered for the two assets were $8,231,368 and $905,750. The correct amounts should have been $7,864,357 and $702,040. The assets were overstated by $367,011 and $203,710 for a total overstatement of $570,721.

The total overstatement is below materiality for ACFR reporting; however, the internal control deficiency increases the risk that additional errors could occur and go undetected, resulting in more significant errors in reporting.

Recommendation: We recommend that the Department design and implement procedures to ensure the accuracy of capital asset entries in Luma, including the review and approval of these entries by a qualified second person with accounting and capital asset knowledge.

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

Corrective Action: *The corrective action plan being implemented is that when a major asset (IE buildings) is purchased or acquired, communication will be made with Division of Public Works for supporting documentation and value of asset. Once received, paperwork will be reviewed by 2nd level approver before submission.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. The corrective action provided by the Department does not appear to address the cause of the error; which was that reviewers failed to identify that budgeted costs were entered as actual costs prior to approving the transaction. The Department should consider developing training programs and documented procedures to ensure review and approval of transactions accomplish the objective of accurate and supported reporting.

IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY (Department)

FINDING 2025-112
The Department was unable to reconcile the Loans and Notes Receivable ending balance between the Department's Loan & Grant Tracking System (LGTS) and the State's accounting system, LUMA, for the Clean Water and Drinking Water State Revolving funds, resulting in incorrected reported balances.

Related to Prior Finding: 2024-111 communicated on September 18, 2025, in the State of Idaho 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), 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 of the State Controller (Office) in the form of closing packages, which provide the information 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). 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.

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 Office as of June 30, 2025. The Department utilizes LGTS to track loans and notes receivable activity. The Department runs a report in LGTS to obtain the current and noncurrent loan balances for the CWSRF and DWSRF. During fieldwork, we found that the closing package information was compiled using an LGTS report that was not properly supported and contained incorrect loan balances.

Further, the LGTS reports are also used to reconcile loan payments and loan balances recorded in LGTS to Luma, the book of record for the State. However, the Department was unable to provide evidence that the Loans and Notes

Receivable balances for the CWSRF and DWSRF in LGTS agrees to the balances shown in LUMA for fiscal year 2025.

Cause: Incorrect and inaccurate LGTS reports were used to report Loans and Notes Receivable closing package amounts. The Department did not complete a detailed review or compare the report balances to other source information to verify the accuracy of the balances prior to submitting the closing packages to the Office.

In addition, the Department was unable to reconcile fiscal year 2025 Loans and Notes Receivable balances for the CWSRF and DWSRF in LGTS to the ending balances shown in Luma. This is a continuation of non-reconciled balances from fiscal year 2024.

Effect: The loan receivable amounts reported on the closing packages were understated by $62,903 for the CWSRF and overstated by $336,634 for the DWSRF. The Loans and Notes receivable balances for the CSWRF and DWSRF are understated in Luma by $2,538,241 in CWSRF and $1,347,747 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 that 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: *The agency agrees with the finding.*

Corrective Action: *The Department will perform a reconciliation of LGTS and Luma on a semi-annual basis, beginning with the fourth quarter of FY2026, to ensure accurate and complete financial reporting. The Department will use the reconciled and verified data to prepare closing packages.*

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

IDAHO DIVISION OF FINANCIAL MANAGEMENT (Division)

Finding 2025-113
The Division's internal review failed to prevent a material misstatement on the Grants Advances closing package for the American Rescue Plan Act (ARPA) funds.

Related to Prior Finding: 2024-113 communicated on September 18, 2025, in the State of Idaho Internal Control Report

Related to Current Finding: 2025-103

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.

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 a Form 15B - Grants Advances closing package, related to Fund 0344 (American Rescue Plan Act) advances received to the Office. After completing our initial review of the original submission of the closing package, we found that it included errors. We noted that the beginning balance of $638,821,497.35 of the grant advances for fiscal year 2025 did not equal the ending balance amount of $640,490,302.87 of grant advances reported in the ACFR for fiscal year 2024. The difference was a beginning balance understatement of $1,668,805.52. We also noted that the closing package included activity usually not associated with grant advances including interest earned, amounts received by State agencies possibly on a reimbursed basis from the federal government, capital projects funds reimbursed by the federal government, negative revenues(adjustments), accounts payable, and accounts receivable. The discrepancies in beginning balance and activities occurring throughout the year resulted in an incorrect ending balance.

After meeting with the Division and the Office to discuss the errors identified in the reported closing package amounts, the Division submitted updated information to the Office removing $25,725,032.96 of interest earned in fiscal year 2025. However, the second submission of the closing package did not include adjustments for the beginning balance error identified or for interest earned and received in prior years that should not have been included as grant advances. The beginning balance was understated by $1,668,805.52. The prior-year interest inclusion resulted in an overstatement of $53,395,431.03. The total is a net overstatement of $51,726,625.51. In addition, the Division could not provide sufficient documentation to support $6,748,113.29 of additions to the grants advances reported balance. If the additional amounts were improperly included, then the closing package would be overstated by a total of $58,474,738.80. The original closing package was overstated by a known amount of $77,451,658.47 and a possible amount of $84,199,771.76.

The State agencies included in the transactional data that were possibly also receiving funds on a reimbursement basis from the federal government were the Department of Education, the Commission on Aging, the Office of Drug Policy, the Department of Commerce, and the State Board of Education.

Cause: The original closing package submission was created using the Luma account analysis for the cash account for all of Fund 0344, American Rescue Plan Act. However, the account analysis included amounts unrelated to grant advances. For example, interest earned on the advanced funds should have been tracked separately as they are not part of the grant award, and not required to be expended for grant purposes, or returned if not expended for allowable grant purposes. 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 overstatements of grant advances ranging from $77,451,658.47 to $84,199,771.76 related to ARPA funding had the misstatements not been discovered during the audit process. After the resubmission of the closing package the statewide ACFR would include overstatements of grant advances ranging from $51,726,625.51 to $58,474,738.80.

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

Management's View: *Management agrees with the recommendation and generally agrees that improvements to the preparation and review process for the Form 15B – Grants Advances closing package are warranted.*

The Division acknowledges that the methodology used to prepare the FY 2025 Form 15B closing package resulted in amounts being included that did not meet the intended reporting definition of grant advances for Annual Comprehensive Financial Report (ACFR) purposes. Specifically, the preparation process relied on Fund 0344 cash activity that included transactions requiring additional analysis and exclusion from the closing package, including interest earnings and other activity not representative of grant advances.

Management notes that the issue identified was related to the methodology and review process used in preparing the closing package rather than the accuracy of the Division's underlying accounting records, cash balances, expenditures, or federal grant reporting. The Division worked collaboratively with the Office of the State Controller and the auditors, both prior to and during the audit process, to identify, analyze, and correct the reported amounts.

The Division further notes that the finding did not result from inaccurate cash balances, missing funds, unsupported expenditures, or errors in the State's accounting records. The issue identified relates to the classification and reporting of certain transactions for ACFR reporting purposes and not to the existence, valuation, or accuracy of the underlying cash balances. The amounts identified in the finding resulted from the inclusion of transactions recorded within the fund that did not meet the reporting definition of grant advances rather than inaccuracies in the State's accounting records or cash management processes.

The Division further notes that ARPA funding and grant advance reporting involve unique and complex reporting requirements. Management believes the primary control deficiency was the absence of sufficiently documented procedures, reconciliation requirements, and review controls governing the preparation of the closing package. Additional documentation and review procedures would have better ensured that only transactions meeting the reporting definition of grant advances were included in the reported balances.

Corrective Action: *To strengthen controls over future financial reporting, the Division has implemented and will continue to implement the following corrective actions:*

1. *Develop and document formal procedures for the preparation of the Form 15B – Grants Advances closing package, including specific criteria for identifying transactions that qualify as grant advances and those that should be excluded.*
2. *Establish a formal reconciliation process that ties beginning balances to prior-year audited ending balances and documents all reconciling items.*
3. *Develop supporting schedules for all additions, reductions, and adjustments included in the reported grant advance balance and retain documentation supporting each reported amount.*
4. *Implement an enhanced supervisory review process requiring independent review and approval of the methodology, reconciliations, supporting schedules, and final reported balances prior to submission to the Office of the State Controller.*
5. *Provide periodic training and guidance to staff responsible for statewide financial reporting to ensure consistent application of GAAP reporting requirements and statewide closing instructions.*

Several of these corrective actions have already been implemented as part of the FY 2026 reporting cycle, and the Division will continue to evaluate and strengthen its review procedures to ensure the accuracy and reliability of future closing package submissions.

Management believes these corrective actions will strengthen internal controls over financial reporting and improve the accuracy, consistency, and reliability of information submitted for inclusion in the State's Annual Comprehensive Financial Report.

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

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IDAHO STATE TREASURER'S OFFICE

FINDING 2025-114

The State Treasurer's Office does not have procedures in place to comply with its investment policies that state monthly distributions will be calculated from the figures provided by TATRS and reconciled against third-party information.

Related to Prior Finding: 2024-118 communicated on September 18, 2025, in the State of Idaho Internal Control Report

Related to Current Finding: 2025-102

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, TATRS, as the book of record. 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 2025.

Condition: The IDLE pool is an involuntary internal investment pool for agencies. 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. Account balances for each fund are determined by the net amount of deposits, withdrawals, and distributed interest. Historically, the Office used TATRS to track and record investment portfolio activity by fund and reconcile to the bank. During fiscal year 2024, and continuing through fiscal year 2025, the Office was unable to reconcile fund account balances between TATRS and Luma. The Office of the State Controller discontinued a standard reconciliation process that agreed the State's prior accounting system (STARS) fund account balances to TATRS fund account balances with the transition to Luma. The Office of the State Controller has attempted to establish a reconciliation process, but reconciliations from the implementation of Luma have not been completed as of April 2026. The Office also had difficulties with data integration between Luma and TATRS and without a reconciliation process in place, decided to use data from Luma to make distributions.

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

During fiscal year 2025, distributions were made monthly; however, these distributions were based on a report generated from Luma that contained undetected errors. The lack of reconciliations from the custodian banks through TATRS and to Luma increased the risk of errors occurring and going undetected. Distribution amounts also would have been affected by misstatements in cash balances. For example, interest was distributed to the General Fund when it should have been distributed to a Department of Education Fund, and interest was distributed to an incorrect fund within the Department of Health and Welfare.

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.

Effect: The use of Luma reports to calculate interest distributions to participants rather than TATRS reporting is inconsistent with internal policies and reduces the Office's ability to ensure the average daily fund balance is accurate. Difficulties in the interface between Luma and TATRS combined with a lack of completed 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.

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 and that data interfaces work as intended to support accurate reporting. 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, continue to review past distributions and supporting documentation through the end of fiscal years 2024 and 2025 to ensure accurate interest distributions were made to IDLE pool participants.

Management's View: *The State Treasurer's Office (STO) concurs with the Legislative Audits Division finding.*

STO has worked with the State Controller's Office (SCO) to address this issue and has even tried using Luma data for Idle interest distributions after identifying interface issues. However, the State Controller's Office failure to anticipate the need for reliable reporting, and the inability to identify and extract data from Luma to provide the Treasurer's Accounting Transaction and Reporting System (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 are reconciliation challenges at the fund accounting level, the STO has been able to consistently reconcile accounting transactions to bank account transactions.

Corrective Action*: State monthly distributions will be calculated from the figures provided by the Treasurer's Accounting Transaction and Reporting System (TATRS) and reconciled against third-party information: The State Treasurer's Office (STO) is actively working with the State Controller's Office (SCO) to develop and implement a reliable fund-level reconciliation process between TATRS and Luma. Progress has been made during FY 2026, and reconciliations for FY 2024 and FY 2025 are nearing completion. Both STO and SCO will continue to work together until a timely monthly reconciliation is in place.*

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

STATE OF IDAHO
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE AGENCY		FEDERAL AGENCY	PAGE
IDAHO COMMISSION ON AGING			
2025-201	The Commission did not include administrative costs in required reports for the Federal Funding Accountability and Transparency Act (FFATA). Additionally, the Commission did not have any documentation to support adequate internal controls over FFATA reporting.	Department of Health and Human Services	60
2025-202	The Commission did not complete required SF-425 reports for the Aging Cluster in a timely manner.	Department of Health and Human Services	61
IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED			
2025-203	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	63
2025-204	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	65
2025-205	The Cost Allocation Plan (CAP) used in fiscal year 2025 was not approved by the RSA as required and contained multiple errors.	Department of Education, Rehabilitation Services Administration	71
2025-206	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	73
2025-207	The Commission did not verify that vendors were not suspended or debarred prior to making federal grant payments.	Department of Education, Rehabilitation Services Administration	75
IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY			
2025-208	The Department's Indirect Cost Rate Proposal contained multiple errors.	Environmental Protection Agency	77
IDAHO DIVISION OF FINANCIAL MANAGEMENT			
2025-209	The Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) project and expenditure reports (P&E) contained misstatements.	Department of Treasury	79

STATE OF IDAHO
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE AGENCY		FEDERAL AGENCY	PAGE
IDAHO DEPARTMENT OF HEALTH AND WELFARE			
2025-210	The Department did not provide documented support to verify the accuracy of a Low Income Energy Assistance Program (LIHEAP) performance report.	Department of Health and Human Services	82
2025-211	Federal Funding Accountability and Transparency Act (FFATA) reports were not reviewed prior to submission and were not submitted timely.	Department of Health and Human Services	83
2025-212	A Social Services Block Grant (SSBG) Post-Expenditure Report did not include a review and approval prior to submission.	Department of Health and Human Services	84
2025-213	A Social Services Block Grant (SSBG) financial report was not submitted timely.	Department of Health and Human Services	86
2025-214	The Department did not review the Child Care Development Fund (CCDF) Administration for Children and Families (ACF) Form 696 report at a sufficient level to identify an $88,822 misstatement.	Department of Health and Human Services	87
2025-215	The Department did not meet the Mental Health Block Grant (MHBG) earmarking requirement for evidence-based programs addressing early serious mental illness.	Department of Health and Human Services	88
2025-216	The Department understated federal expenditures on the Children's Health Insurance Program (CHIP) CMS-21 Base Reports by $1,088,209.	Department of Health and Human Services	91
2025-217	The Department lacked documented evidence of monitoring over provider screening and enrollment activities performed by the Department's service organization for the Medicaid and CHIP programs.	Department of Health and Human Services	93
2025-218	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 were properly licensed and in good standing.	Department of Health and Human Services	94
2025-219	The Department could not provide sufficient documentation to demonstrate compliance with provider eligibility requirements for managed care network providers.	Department of Health and Human Services	96
2025-220	Payroll adjustments lacked sufficient internal controls.	Department of Health and Human Services	97
IDAHO MILITARY DIVISION			
2025-221	The Division did not complete required Federal Funding Accountability and Transparency Act (FFATA) reports for the Homeland Security Grant Program.	Department of Homeland Security	99

STATE OF IDAHO
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

IDAHO COMMISSION ON AGING (Commission)

FINDING 2025-201
The Commission did not include administrative costs in required reports for the Federal Funding Accountability and Transparency Act (FFATA). Additionally, the Commission did not have any documentation to support adequate internal controls over FFATA reporting.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: 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
Assistance Listing Number: 93.044; 93.045
Federal Award Number: 2401IDOASS; 2401IDOACM; 2401IDOAHD
Program Year: October 1, 2023 – September 30, 2026
Federal Agency: Department of Health and Human Services
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 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.

Under the requirements of the FFATA, Pub. L. No. 109-282, as amended by Section 6202 of Pub. L. No. 110-252, and codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the federal government no later than the final day of the month following an actionable activity.

Condition: The FFATA was developed to provide better transparency over management of federal grants and contracts. Reporting is required on allocations of $30,000 through the federal website, SAM.gov. The Commission is the primary recipient of the Aging Cluster Grant program (Assistance Listings 93.044, 93.045, 93.053) and required to comply with FFATA reporting as part of the terms and conditions related to receiving this grant.

The Commission's personnel indicated that a process is in place where the Operations Manager reviews and approves FFATA submissions; however, the review is not properly documented. Without adequate documentation, we cannot substantiate that the review consistently occurred and operated effectively.

Additionally, the Commission did not include administrative costs in the FFATA reports submitted for the fiscal year, despite the Commission issuing amounts to the Area Agencies on Aging (AAAs) in excess of $30,000 dollars for those costs. Admin Allocations represents $720,218 in disbursements to sub-awardees which indicates significant underreporting.

Reports Tested	Not Reported	Late	Incorrect	Missing Elements
9	0	0	0	0
Amount Tested	Amount Not Reported	Amount Late	Amount Incorrect	Amount Missing Elements
$3,697,670	$720,218	$0	$0	$0

Cause: Commission personnel were not aware of the FFATA reporting requirements specifically for subawards to include administrative cost distributions and did not implement internal controls to ensure the accurate submission of the FFATA reports.

Effect: The FFATA reports are required to be submitted to the federal government, which makes the information available to the public in a searchable database. Incorrect or incomplete FFATA reporting may lead to significant administrative, financial, and reputational consequences.

A lack of documented controls over reporting can lead to increased likelihood of inaccurate reporting by the Commission.

Recommendation: We recommend that the Commission implement documented internal control procedures for the required FFATA reporting to ensure the completeness of its submissions. We further recommend that the Commission consider improving training procedures to ensure that staff are knowledgeable about the requirements of grants accepted by the Commission.

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

Corrective Action: *The Commission acknowledges that the sub-award amounts reported under ALNs 93.044, 93.045, and 93.053 did not include all allocable administrative costs for the sub-recipient tested. We have taken the following corrective actions, all of which were implemented during the audit following identification of this issue:*
1. Revised FFATA Sub-Award Reports -The Commission revised the affected FFATA sub-award reports in SAM.gov to include the administrative costs allocable to each of the three tested ALNs for the sub-recipient identified in the finding. The revised reports were provided to LSO for review on 06/18/2026.
2. Revised FFATA Reporting Policy Implemented: The Commission developed a documented policy governing FFATA sub-award data entry, review, and approval. The policy establishes the following:

- *The Financial Technician is responsible for entering all FFATA sub-award data and must confirm that reported amounts include direct program costs and administrative costs allocable to the sub-award.*
- *The Financial Specialist Senior is required to review all FFATA entries for accuracy and completeness. The Financial Specialist will document their review. This step is the specific control that was absent during the audit period.*
- *Documentation of each review and approval must be retained.*

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

FINDING 2025-202
The Commission did not complete required SF-425 reports for the Aging Cluster in a timely manner.

Type of Finding: Material Weakness; Material Noncompliance

Assistance Listing Title: 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
Assistance Listing Number: 93.044; 93.045; 93.053

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Award Number: 2101IDCMC6; 2101IDHDC6; 2101IDSSC6; 2201IDSTPH; 2301IDOACM; 2301IDOAHD; 2301IDOASS; 2301IDOANS; 2401IDOAHD; 2401IDOASS; 2401IDOACM
Program Year: April 1, 2021 – September 30, 2024; April 1, 2021 – September 30, 2025; January 1, 2022 – September 30, 2025; October 1, 2022 – September 30, 2025; October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2026; October 1, 2023 – September 30, 2026
Federal Agency: Department of Health and Human Services
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 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.

The grant award from the Department of Health and Human Services issued under Older Americans Act of 1965 requires recipients to submit the SF-425 report on an annual basis. Reports are due within 90 days for the periods ending March 31 or September 30. A final SF-425 report is due within 120 days after September 30.

Condition: The SF-425 reports for the Aging Cluster Grant program (Assistance Listings 93.044, 93.045, 93.053) were not completed in a timely manner for state fiscal year 2025.

The SF-425 report is required to be submitted annually for the Aging Cluster. The SF-425 report should have been submitted within 90 days of September 30, 2024, or March 31, 2025, reporting dates; however, the reports were filed months after the reporting deadlines. We tested 100 percent of the population, given the known nature of the issue, and it was consistent across all of the reports. There were nine annual reports and two final reports. The annual reports were all completed approximately six months late, while one final report was four months late and the other was about one year late.

Cause: The Commission had significant turnover of key personnel during the period and did not have strong procedures in place to ensure that SF-425 reports were completed in a timely manner.

Effect: The SF-425 reports the financial status of grant funds and expenditures of those funds to the federal government. Inaccurate or incomplete reporting could result in inaccurate information provided to users of the reports including the federal funding agency and could cause a disruption in federal funding due to noncompliance.

Recommendation: We recommend that the Commission design and implement well-documented procedures to ensure the timely completion and submission of SF-425 reports.

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

Corrective Action: *At the time of the audit period, the Commission was still working to complete Aging Cluster SF-425 Federal Financial Reports. Several operational challenges contributed to delays, including fiscal staffing transitions and state software system implementation. The Commission has now fully corrected this issue. All past-due SF-425 reports were reviewed, finalized, and submitted, bringing the agency fully current on Aging Cluster federal financial reporting requirements.*

Auditor's Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit. While we continue to assert that the Commission did not have strong procedures in place during the audit period, and All SF-425 reports submitted for fiscal year 2025 were late, we will review changes the Commission indicates were made during completion of the fiscal year 2026 single audit.

IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED (Commission)

FINDING 2025-203
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: 2024-200

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: H126A230016; H126A240016; H126A250016
Program Year: October 1, 2022 - September 30, 2024; October 1, 2023 - September 30, 2025; October 1, 2024 - September 30, 2025
Federal Agency: Department of Education, Rehabilitation Services Administration
Compliance Requirement: Matching, Level of Effort, and Earmarking
Questioned Costs: Matching: $514,227 Known; Earmarking: $68,493 Known; Level of Effort: $63,280 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 2025 grant period is October 1, 2024, through September 30, 2026. In State fiscal year 2025, there were three grants open – federal fiscal years 2023, 2024, and 2025.

The federal fiscal year 2023 grant period was October 1, 2022, to September 30, 2024, and was the only grant period that concluded within State fiscal year 2025. We evaluated the Commission's compliance with the matching, level of effort, and earmarking requirements for the fiscal year 2023 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 Commission's final Rehabilitation Services Administration (RSA) 17 report for the federal fiscal year 2023 grant. The Commission reported the federal share as $3,246,435 and the State matching expenditures as $968,661, which calculates as 23 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 year 2023 and the current statewide accounting system (Luma) in State fiscal years 2024 and 2025. We verified that the federal expenditures matched the RSA-17 report; however, the State expenditures were only $364,414, which calculates as 10.1 percent of total program expenditures and does not meet match requirements. The commission could not provide documentation to support the amounts reported on the RSA-17 reports.

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 ($3,426,435/0.787 = $4,125,076 - $3,246,435 = $878,641). We then compared the required State match amount to the State expenditures in Luma, and the result was that the Commission expended $514,227 less than the required matching amount ($878,641 - $364,414 = $514,227).

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 federal fiscal year two years prior. We compared State expenditures for the federal fiscal years 2021 and 2023 grants based on amounts reported on the RSA-17 reports. The State expenditures reported for the federal fiscal year 2021 grant on the final September 30, 2022, RSA-17 report were $975,516, and the expenditures reported for the federal fiscal year 2023 grant on the final March 31, 2024, RSA-17 report were $968,661 indicating that the maintenance of effort requirement was not met. The maintenance of effort deficit based on RSA-17 information was $6,855.

We compared the amounts reported on the RSA-17 report to the expenditures in STARS for State fiscal years 2021, 2022, and 2023 and Luma for State fiscal years 2024 and 2025. The State expenditures for the federal fiscal year 2021 grant were $427,695 and for the federal fiscal year 2023 grant were $364,414, which also indicates that the Commission did not meet maintenance of effort requirements. The maintenance of effort deficit based on accounting system information was $63,280.

Earmarking

The Commission is required to spend at least 15 percent of the federal allotment on the Pre-Employment Transition Services (pre-ETS) program. We identified the total federal grant expenditures in Luma as $3,246,435 and the amount spent on pre-ETS as $418,472, which calculates to 12.89 percent of total federal 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 $68,493 less than the required earmarking amount ($3,246,435 x .15 = $486,965 – $418,472 = $68,493).

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, level of effort, 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.

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 ensure that internal controls are effective in preventing or detecting errors.

Management's View: *The agency agrees with the finding as we were using the cost allocation plan which changes the numbers from the ones used by the audit team and found from Luma (the state accounting system).*

Corrective Action:
Corrective Action Objectives:

- *Achieve and maintain full compliance with federal matching, level of effort, and earmarking requirements.*
- *Establish durable internal controls that prevent or promptly detect errors.*
- *Ensure all compliance activities are properly documented, retained, and independently reviewable.*
- *Train and support staff to understand compliance responsibilities and execute them consistently.*

Actions To Be Taken:

- *Implemented monthly compliance monitoring, including:*
  - *Match reconciliation comparing required vs. actual non-federal contributions*
  - *Review of earmarked funds to ensure required percentages are met.*
- *Standardized documentation templates:*
  - *Match tracking worksheets*
  - *Earmark compliance ledger*
- *Introduce a transaction sampling audit each quarter to validate documentation completeness and accuracy.*
- *Establish a centralized compliance records repository.*
- *Mandatory training covering matching requirements, MoE, earmarking rules, and documentation expectations. We are currently receiving intensive technical assistance from the VRTAC. This will include initial training for all program and fiscal staff.*
- *Establish an annual internal audit focused on RSA compliance.*
- *Establishing semi-annual briefings to the leadership team summarizing compliance status and corrective measures.*

Conclusion: This Corrective Action Plan strengthens the Commission's internal controls, enhances documentation, and ensures compliance with federal matching, level of effort, and earmarking requirements. Implementation of these measures will improve accountability, reduce risk, and support ongoing program integrity.

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

FINDING 2025-204
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: 2024-201

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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: H126A230016; H126A240016; H126A250016
Program Year: October 1, 2022 - September 30, 2024; October 1, 2023 - September 30, 2025; October 1, 2024 - September 30, 2025
Federal Agency: Department of Education, Rehabilitation Services Administration
Compliance Requirement: Reporting
Questioned Costs: $479,178 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.

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 semi-annually. 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 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 2025 grant period is October 1, 2024, through September 30, 2026. The Commission identifies the grant periods using the initials VRBAS and the last 2 digits of the grant year. During State fiscal year 2025, there were three grants open: VRBAS23, VRBAS24, and VRBAS25.

We tested four semi-annual reports that were due within State fiscal year 2025. We identified errors in all four reports. The financial reports were not prepared on an award-by-award basis, which resulted in reported amounts that did not agree to the accounting records. We also identified other errors between the reported amounts and the accounting records.

The following errors were identified:

VRBAS23 – Reporting Period October 1, 2022, through March 31, 2024

The report was due on July 29, 2024, and was not submitted until February 28, 2025; seven months past the due date.

Line 15 Federal Expenditures Incurred for Pre-employment Transition Service Activities: The amount reported was $486,965; however, accounting records showed a total of $418,472 resulting in a $68,493 overstatement.

Line 28 Total Non-Federal Share of Expenditures: The amount reported was $968,661; however, accounting records showed a total of $364,414 resulting in a $604,247 overstatement.

Lines 29 and 32: The purpose of Line 29 is to report unliquidated obligations to be paid with nonfederal funds meeting the nonfederal share requirements. Nonfederal share can only be credited as match when obligated in the federal fiscal year of appropriation for an award. The purpose of Line 32 is to report the liquidations from the amount of nonfederal unliquidated obligations report on Line 29 that were liquidated during a subsequent reporting period. Line 32 reflects the amount of the reported unliquidated obligations that have been liquidated in the carryover year.

Line 29 Non-Federal Share of Unliquidated Obligations: The amount reported was $26,324. We recalculated the nonfederal share using outstanding authorizations reported in Orion, the Commission's client management system. We used the amount reported of $125,946 and calculated the nonfederal share of 21.3 percent for a total of $26,826 resulting in a $502 understatement.

Line 32 Non-Federal Expenditures for Unliquidated Obligations Reported on Line 29, Liquidated After September 30, 2023: The amount reported was $26,324; however, this amount was not supported in the reporting documentation, resulting in a $26,324 overstatement.

Line 37 Administrative Expenditures: The amount reported was $848,533; however, accounting records and the Cost Allocation Plan support showed a total of $1,120,301 resulting in a $271,768 understatement.

Line 38 Expenditures Incurred for Pre-ETS Services by Agency Staff: The amount reported was $121,463; however, accounting records showed a total of $132,767 resulting in a $11,213 understatement.

Line 39 Services to Groups: The amount reported was $668,179; however, accounting records showed a total of $320,501 resulting in a $347,678 overstatement.

Line 41 Innovations & Expansion Expenditures: The amount reported was $103,353; however, accounting records showed a total of $84,850 resulting in a $18,503 overstatement.

VRBAS24 – Reporting Period October 1, 2023, through September 30, 2024

The report did not have a documented review prior to submission.

Line 15 Federal Expenditures Incurred for Pre-employment Transition Service Activities: The amount reported was $543,497; however, accounting records showed a total of $383,020 resulting in a $160,477 overstatement.

Line 18 Federal Share of Unliquidated Obligations: The amount reported was $102,977; however, we recalculated the federal share using the unliquidated obligations from Orion of $102,977 and the State match rate of 21.3 percent and determined the federal share to be $81,043, resulting in a $21,934 overstatement.

Line 19 Total Federal Share: Line 19 is the total of Line 14 and Line 18. Since Line 18 was overstated by $21,934, Line 19 was also overstated by $21,934.

Line 20 Unobligated Balance of Federal Funds: Line 20 is the total of the Federal Award less Line 19. If Line 19 was overstated, that resulted in Line 20 being understated by $21,934.

Line 28 Total Non-Federal Share of Expenditures: The amount reported was $1,208,310; however, accounting records showed a total of $781,653 resulting in a $426,657 overstatement.

Lines 29 and 32: The purpose of Line 29 is to report unliquidated obligations to be paid with nonfederal funds meeting the nonfederal share requirements. Nonfederal share can only be credited as match when obligated in the federal fiscal year of appropriation for an award. The purpose of Line 32 is to report the liquidations from the amount of nonfederal unliquidated obligations report on Line 29 that were liquidated during a subsequent reporting period. Line 32 reflects the amount of the reported unliquidated obligations that have been liquidated in the carryover year.

Line 29 Non-Federal Share of Unliquidated Obligations: The amount reported was zero. We recalculated the nonfederal share using the outstanding authorizations in Orion, the Commission's client management system. We used the amount reported in Orion of $102,977 and calculated the nonfederal share of 21.3 percent for a total of $21,934, resulting in a $21,934 understatement.

Line 37 Administrative Expenditures: The amount reported was $1,240,104; however, accounting records and Cost Allocation Plan support showed a total of $1,779,969 resulting in a $539,865 understatement.

Line 39 Services to Groups: The amount reported was $622,021; however, accounting records showed a total of $460,958 resulting in a $161,063 overstatement.

Line 41 Innovations & Expansion Expenditures: The amount reported was $81,692; however, accounting records showed a total of $18,568 resulting in a $63,124 overstatement.

VRBAS24 – Reporting Period October 1, 2023, through March 31, 2025

The report did not have a documented review prior to submission. The report was due on April 30, 2025, but was submitted May 21, 2025, three weeks past the due date.

Line 15 Federal Expenditures Incurred for Pre-employment Transition Service Activities: The amount reported was $600,423; however, accounting records showed a total of $417,880 resulting in a $182,543 overstatement.

Line 18 Federal Share of Unliquidated Obligations: The amount reported was $39,690; however, we recalculated the federal share using the unliquidated obligations from Orion, the Commission's client management system, of $39,690 and the State match rate of 21.3 percent and determined the federal share to be $31,236 resulting in a $8,454 overstatement.

Line 19 Total Federal Share: Line 19 is the total of Line 14 and Line 18. Since Line 18 was overstated by $8,454, Line 19 was also overstated by $8,454.

Line 20 Unobligated Balance of Federal Funds: Line 20 is the total of the Federal Award, less Line 19. If Line 19 was overstated, that resulted in Line 20 being understated by $8,454.

Line 28 Total Non-Federal Share of Expenditures: The amount reported was $1,208,310; however, accounting records showed a total of $1,196,358 resulting in a $11,952 overstatement.

Lines 29 and 32: The purpose of Line 29 is to report unliquidated obligations to be paid with nonfederal funds meeting the nonfederal share requirements. Nonfederal share can only be credited as match when obligated in the federal fiscal year of appropriation for an award. The purpose of Line 32 is to report the liquidations from the amount of nonfederal unliquidated obligations report on Line 29 that were liquidated during a subsequent reporting period. Line 32 reflects the amount of the reported unliquidated obligations that have been liquidated in the carryover year.

Line 29 Non-Federal Share of Unliquidated Obligations: The amount reported was zero. We recalculated the nonfederal share using the outstanding authorizations in Orion, the Commission's client management system. We used the amount reported in Orion of $39,690 and calculated the nonfederal share of 21.3 percent for a total of $8,454 resulting in a $8,454 understatement.

Line 37 Administrative Expenditures: The amount reported was $2,267,253; however, accounting records and Cost Allocation Plan support showed a total of $1,972,591 resulting in a $294,662 overstatement.

Line 39 Services to Groups: The amount reported was $539,549; however, accounting records showed a total of $196,320 resulting in a $343,229 overstatement.

Line 41 Innovations & Expansion Expenditures: The amount reported was $61,223; however, accounting records showed a total of $33,328 resulting in a $27,895 overstatement.

VRBAS25 – Reporting Period October 1, 2024, through March 31, 2025

The report was due on April 30, 2025, but was submitted May 21, 2025, three weeks past the due date.

Line 14 Federal Share of Expenditures: The amount reported was $66,749; however, the accounting records show a total of $0, resulting in a $66,749 overstatement.

Line 15 Federal Expenditures Incurred for Pre-employment Transition Service Activities: The amount reported was $20,904; however, accounting records showed a total of $19,988 resulting in a $916 overstatement.

Line 19 Total Federal Share: Line 19 is the total of Line 14 and Line 18. Since Line 14 was overstated by $66,749, Line 19 is also overstated by $66,749.

Line 20 Unobligated Balance of Federal Funds: Line 20 is the total of the Federal Award, less Line 19. If Line 19 is overstated, that results in Line 20 being understated by $66,749.

Line 28 Total Non-Federal Share of Expenditures: The amount reported was $524,910; however, accounting records showed a total of $143,079 resulting in a $381,831 overstatement.

Line 37 Administrative Expenditures: The amount reported was $1,027,148; however, accounting records and Cost Allocation Plan support showed a total of $814,086 resulting in a $213,062 overstatement.

Line 39 Services to Groups: The amount reported was $202,321; however, accounting records showed a total of $50,331 resulting in a $151,990 overstatement.

Line 41 Innovations & Expansion Expenditures: The amount reported was $42,655; however, accounting records showed a total of $27,768 resulting in a $14,887 overstatement.

The total errors in all reports resulted in $2,742,933 in overstatements. Two of the four submissions did not have a documented review prior to submission. Three of the four submissions were not submitted within the due date provided.

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.

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 reports were overstatements of $3,693,806 and understatements of $950,874, which resulted in overall overstatements of $2,742,933. However, not all reporting errors occurred in federal expenditures and as a result we are including only the Line 14 and Line 15 - federal share of expenditures errors as questioned costs totaling $479,178 known ($68,493 VRBAS23 March 2024 Line 15 +$160,477 VRBAS24 September 2024 Line 15 +$182,543 VRBAS24 March 2025 Line 15 + $66,749 VRBAS25 March 2025 Line 14 = $916 VRBAS25 March 2025 Line 15).

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 ensure the internal controls are effective in preventing or detecting errors.

Management's View: *The agency agrees with the finding as we were using the cost allocation plan which changes the numbers from the ones used by the audit team and found from Luma (the state accounting system).*

Corrective Action:

Corrective Action Objectives:

- *Ensure that future RSA reports are complete, accurate, consistent, and fully supported by documentation.*
- *Establish and implement clear, standardized reporting procedures.*
- *Retain documentation necessary to justify all reported amounts.*
- *Identify and correct errors in previously submitted reports and communicate corrections to RSA.*
- *Strengthen staff competencies and ensure adequate staffing levels to support proper grant reporting.*

Actions To Be Taken:

- *Form a Reporting Review Team comprising program, fiscal, and data analysts to review reports prior to submission.*
- *Develop standardized RSA Reporting Procedures, including:*
  - *Step-by-step instructions for preparing RSA-17*
  - *Required supporting documentation for each line item.*
  - *Definitions of allowable expenditures and required classifications.*
  - *Review and approval workflows.*
- *Established a double-verification process, requiring two qualified staff members to independently verify all numeric entries prior to submission.*
- *Implement a centralized documentation repository for financial records, worksheets, cost allocation documents, and reconciliation statements.*
- *Establish a mandatory documentation checklist that must be completed before a report can be sent for approval.*
- *Create standardized reconciliation templates tying reported amounts directly to the general ledger or supporting program records.*

- *Complete a retrospective review of all RSA submissions for the necessary reports.*
- *Identify inaccuracies, variances, and documentation gaps.*
- *Develop corrected versions of each affected report.*
- *Prepared a formal communication package for RSA including:*
    - *Corrected reports*
    - *Explanation of errors*
    - *Documentation supporting corrected amounts*

Conclusion
This Corrective Action Plan establishes a comprehensive strategy to resolve reporting errors, strengthen documentation practices, and prevent future inaccuracies in RSA federal grant reporting. Through strengthened controls, trained staff, and rigorous review processes, the Commission will ensure ongoing compliance and improved accountability.

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

FINDING 2025-205
The Cost Allocation Plan (CAP) used in fiscal year 2025 was not approved by the RSA as required and contained multiple errors.

Related to Prior Finding: 2024-202

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: H126A230016; H126A240016; H126A250016
Program Year: October 1, 2022 - September 30, 2024; October 1, 2023 - September 30, 2025; October 1, 2024 - September 30, 2025
Federal Agency: Department of Education, Rehabilitation Services Administration
Compliance Requirement: Allowable Costs/Cost Principles
Questioned Costs: $767,081 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.

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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 2025 was not approved by the RSA. The Commission inquired about the recertification process in April 2025 after we inquired about the certification process and documentation for the CAP as part of our fiscal year 2024 Single Audit procedures. The RSA has instructed the Commission to cease using the CAP to claim indirect costs for grant reimbursement, and to use the de minimis rate until an indirect cost rate plan is approved.

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

Effect: The CAP used by the Commission was not submitted timely for recertification and was not approved for use by the RSA. Using an unapproved CAP to claim reimbursement for indirect costs could result in those costs being questioned, and the RSA could require them to be repaid.

Recommendation: We recommend that the Commission work with the federal grantor, the Rehabilitation Services Administration (RSA), to establish an approved indirect cost rate plan. 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.

Management's View: *The agency agrees with the finding as we were using the cost allocation plan which was originally approved by RSA but needed to be updated when the state changed to a new accounting system (Luma). The updated plan was submitted to the Indirect Cost Division with the Department of Education in January of 2026. After conversations with both RSA and the VRTAC we withdrew our submission in September of 2026 when the Department of Education began their evaluation of the new plan. It was determined that we will negotiate an indirect cost rate rather than use the updated Cost Allocation Plan.*

Corrective Action: *Based on conversations with the Indirect Cost Division, RSA, the state audit team, and the VR TAC team we determined it would be best for the agency to work with the Indirect Cost Division to establish an indirect cost rate. Switching from using the Cost Allocation Plan that we had been using for 16 years, abruptly, to a 15% indirect cost rate April 1, 2026 created multiple hurdles and changes that we have been trying to overcome with the help of the VR TAC team's intensive assistance. We are in the process of creating a system that will address the errors that were found by the state auditors. The Indirect Cost Division states that we need to begin the new plan July 1, 2027. They have provided us with a template, and we will complete that and work with them to ensure this rate is ready to begin using July 1, 2027. Previously, annually, we submitted a document by email to the Indirect Cost Division indicating that we were re-certifying the same Cost Allocation Plan. We did not receive responses, and we took that to mean it was okay to continue using the same plan each year. From 2021-2025 this was done and there was one year it was submitted later than when we typically (October 1) sent it. In the meeting with the Indirect Cost Division, Andre Hylton, told us that once our indirect rate was established, it would be approved for two years and then after review, it would be on a 5 year review schedule.*

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

FINDING 2025-206
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: 2024-203

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: H126A230016; H126A240016; H126A250016
Program Year: October 1, 2022 - September 30, 2024; October 1, 2023 - September 30, 2025; October 1, 2024 - September 30, 2025
Federal Agency: Department of Education, Rehabilitation Services Administration
Compliance Requirement: Procurement, Suspension, and Debarment
Questioned Costs: $30,000 Known

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.

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 2025 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 for one of the two vendors.

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: *The agency agrees with the finding. ICBVI understands the state thresholds and has processes in place for creating contracts when needed. ICBVI believes this finding is ready to be closed.*

Corrective Action: *However, we have since corrected this finding, as it was found on the previous year's audit. In December of 2025, we received training from the Department of Purchasing. Based on that training ICBVI's management team worked with DOP to create contracts for current and future purchases. ICBVI asked Laura Cortazar to take the lead on the development of contracts for the agency. ICBVI created a procurement checklist and documentation template, which was added to internal controls to support purchases subject to state policy. In August of 2026, all staff who make any purchases were trained using the new guidelines, which ensure compliance with state procurement requirements. In addition, ICBVI worked with DOP's process to request purchasing exemptions for working with community rehabilitation programs, universities and with a temporary staffing agency.*

Auditor's Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit. We appreciate the information about action taken after the fiscal year under audit was completed, but those actions have not been reviewed for the fiscal year 2025 Single Audit. We will review those actions as part of the fiscal year 2026 Single Audit to determine if they were effective in correcting the errors.

FINDING 2025-207
The Commission did not verify that vendors were not suspended or debarred prior to making federal grant payments.

Related to Prior Finding: 2024-204

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: H126A230016; H126A240016; H126A250016
Program Year: October 1, 2022 - September 30, 2024; October 1, 2023 - September 30, 2025; October 1, 2024 - September 30, 2025
Federal Agency: Department of Education, Rehabilitation Services Administration
Compliance Requirement: Procurement, 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 2025. 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 the vendors selected as part of our testing and verified that neither of them 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: *The Commission agrees with this finding. ICBVI recognizes the absence of vendor suspension/debarment verifications prior to payment.*

Corrective Action:

- *Verification Process: Procedures were 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. Laura Corazar checks that the vendor is not debarred and saves the screenshot demonstrating this. Corey Bresina will review and initial that this has been verified. Procedure as follows:*

Procedure: Vendor Exclusion Verification – SAM.gov
Document Owner: Accounting Department
Effective Date: December 1, 2025
Review Cycle: Annually, with quarterly vendor reviews
Applicable Regulations: 2 CFR Part 180; 2 CFR Part 200, Subpart C, Appendix I

Objective:
This procedure establishes the steps for verifying that vendors, contractors, and subrecipients are not suspended, debarred, or otherwise excluded from participation in federally funded programs, in accordance with 2 CFR Part 180. It ensures federal funds are awarded only to responsible parties and provides a documented audit trail for compliance purposes.

Scope:
These requirements apply to all personnel involved in:

- *Procurement activities funded as a whole or in part with federal funds*
- *Issuing subawards, contracts, or purchase orders under federal programs*
- *Vendor selection, onboarding, and monitoring*
- *Grant administration and compliance oversight*

All employees responsible for these functions must follow this procedure.

Responsibilities:

- *All staff involved in procurement, grant management, or vendor selection must perform and document SAM.gov checks. This ensures we remain compliant with 2 CFR Part 180 and protect all federal funds entrusted to our organization.*

Procedure Steps:

- *Vendor Identification*
  Gather vendor information: legal name, UEI, CAGE code, and relevant location details.
- *SAM.gov Exclusion Search*
  Navigate to SAM.gov
  Click Search Records
  Select Exclusions under the Domain filter
  Enter vendor identifiers (Name, UEI, CAGE code, or other applicable criteria)
  Click Search to retrieve results.
- *Review Results*
  No Results: Vendor is not excluded
  "Entity" (green): Vendor is active and eligible
  "Exclusion" (purple): Vendor is suspended or debarred
  Do not proceed with any transaction
  Escalate to Administrative Services Manager
  Contact the issuing federal agency if clarification is needed.
- *Documentation*
  Save a PDF or screenshot of the search results
  Record the search and outcome in the Quarterly Vendor Review Log.
- *Quarterly Review All active vendors must be reviewed quarterly for exclusion status, based on federal fiscal year*
  Maintain documentation in the designated compliance folder
  Accounting staff verify completion and records adherence.

Recordkeeping:

- *Maintain PDF/screenshots of each SAM.gov search*
- *Maintain completed Quarterly Vendor Review Logs*
- *Retain records in accordance with federal grant record retention requirements.*

Non-Compliance:
Failure to follow this procedure may result in:

- *Audit findings*
- *Repayment of federal funds*
- *Suspension or termination of federal awards*

References:

- *2 CFR Part 180 – Non-Procurement Debarment and Suspension*
- *2 CFR Part 200, Subpart C, Appendix II – Contract Provisions for Non-Federal Entities*
- *SAM.gov Exclusions Database.*

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

IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY (Department)

FINDING 2025-208
The Department's Indirect Cost Rate Proposal contained multiple errors.

Related to Prior Finding: 2024-212

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Drinking Water State Revolving Fund
Assistance Listing Number: 66.468
Federal Award Number: 98003020; 98003021; 98003022; 02J61801; 02J62801; 02J44701; 02J82001; 02J82401; 02J22801; 02J61701; 02J62701; 02J52301; 02J82201
Program Year: July 1, 2020 – June 30, 2025; July 1, 2021 – June 30, 2026; July 1, 2022 – June 30, 2027; March 1, 2024 – February 28, 2029; October 1, 2024 – September 30, 2029; July 1, 2023 – June 30, 2028; July 1, 2024 – June 30, 2029; July 1, 2024 – June 30, 2029; November 1, 2022 – June 30, 2027; March 1, 2024 – February 28, 2029; October 1, 2024 – September 30, 2029; July 1, 2023 – June 30, 2028; July 1, 2024 – June 30, 2029
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.

Condition: The Department uses an Indirect Cost Rate Proposal (ICRP) with a predetermined fixed cost rate to charge indirect costs to its programs. We reviewed the initial ICRP support documentation and calculations for the indirect cost rate in place for fiscal year 2025 and found multiple errors:

- The direct cost base was reported as $28,142,926; however, the Department could not provide documentation to support that it was correct. Audit review procedures estimated the total should have been $29,294,524, a difference of ($1,151,598).
- The indirect departmental cost was reported as $10,312,698; however, the Department could not provide documentation to support that it was correct. Audit review procedures estimated the total should have been $10,862,805, a difference of ($550,107).
- The rate calculation included a carryforward amount of $2,153,740; however, the Department could not provide documentation to support that it was correct. Audit review procedures estimated the amount should have been $1,172,072, a difference of $981,668.
- The rate calculation included an amount from the statewide cost allocation plan (SWCAP) of $13,530. The Department provided support for this amount; however, the support was from the incorrect fiscal year. Audit review procedures estimated the amount should have been $2,825, a difference of $10,705.

Cause: The Department has procedures in place for 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 provided historical spreadsheets of the initially proposed indirect cost rate submitted to the Environmental Protection Agency (EPA); however, using the initially proposed amounts and supporting documentation failed to recreate the calculated amounts in the ICRP agreement. The EPA reviewed and modified the Department's initial proposed ICRP to arrive at the final negotiated ICRP. However, documentation to support the modified ICRP was not available at the time of our review.

Effect: We were unable to determine if the indirect cost rate used in fiscal year 2025 was correctly calculated because documentation to support the amounts used in the calculation were unavailable. Further, Department staff could not fully explain or recreate the amounts calculated. Audit procedures calculated estimates based on methodology explained at the time of review and found the direct costs were misstated by ($1,151,98), the total cost pool was misstated by ($495,937), and the carryforward was misstated by $981,668. This results in an ICRP of 37.09 percent, compared to the Department's calculated rate of 36.85 percent, and the EPA approved rate of 33.09 percent.

Recommendation: We recommend that the Department provide training for Department 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: *Due to staff turnover, DEQ agrees that sufficient supporting documentation could not be located to recreate the data and calculations from the initial indirect cost rate proposal (ICRP) packet.*

DEQ does not agree with the 'Cause' statement of the Management Letter that says, "documentation to support the modified ICRP was not available at the time of our review." DEQ had the documentation supporting the negotiated rate with the Environmental Protection Agency (EPA). The Legislative Services Office (LSO) Audit Division audited the initial indirect cost rate proposal (ICRP) only, which had errors, but not the final packet that was modified and approved by EPA. The rate used by DEQ for FY25 was reviewed, modified (negotiated) and approved by EPA.

Corrective Action: *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 reached out to our federal oversight agency for assistance and direction with preparing and submitting the indirect cost rate proposal for FY27. We have and are committed to maintaining a file with all supporting documentation used to compile and prepare current and future proposals, as required by 2 CFR 200.

Training and developing staff is an ongoing process, along with following updated federal rules and regulations. DEQ staff worked with the Environmental Protection Agency's Indirect Cost Rate Negotiator to submit the indirect cost rate proposal packet for FY27 and we anticipate significantly reduced errors with the calculations and support for that submittal.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. We continue to assert that the audit team was not provided with information to verify amounts used in the indirect cost rate proposal applicable to fiscal year 2025 grant awards. Further, the team was not provided with information related to schedules or calculations for the final negotiated indirect cost rate during the completion of audit fieldwork. A cursory review of the final negotiated indirect cost rate documentation that was provided after the audit fieldwork was completed included amounts that the audit team was unable to verify or agree to supporting documentation. We continue to recommend that the Department maintain appropriate documentation to support the approved indirect cost rate.

IDAHO DIVISION OF FINANCIAL MANAGEMENT (Division)

FINDING 2025-209
The Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) project and expenditure reports (P&E) contained misstatements.

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Type of Finding: Significant Deficiency, Noncompliance

Assistance Listing Title: American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Fund
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 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 2025, the Division was required to submit four P&E reports for the CSLFRF program. Each quarter, the State agencies tasked with administering the CSLFRF projects complete templates containing required report information by individual project and send them to the Division. The Division's State financial officer uses the templates to compile and submit reports to the U.S. Department of the Treasury, which identifies quarters based on the calendar year. Quarter 1 is January through March, Quarter 2 is April through June, Quarter 3 is July through September, and Quarter 4 is October through December.

We tested the Quarter 1 (Q1) and Quarter 2 (Q2) reports for the following required data elements: current period obligations, cumulative obligations, current period expenditures, and cumulative expenditures. We compared the amounts recorded in Luma to the amounts reported on the templates and the amounts in the final reports.

We identified three types of errors in the amounts reported as current period expenditures:

- Reported amounts matched the template amounts but did not match the amounts recorded in Luma. Current period expenditures were overstated in the Q1 report by $2,077,728 and understated in the Q2 report by $938,788.
- Template amounts matched the amounts recorded in Luma but did not match the amounts in the final report. Current period expenditures were overstated in Q1 by $26,558.
- Reported amounts did not match the template amounts or the amounts recorded in Luma. In the Q1 report, the amounts in the final report were $53,300 less than the amounts recorded in Luma and $218,311 less than the amounts reported on the templates. In the Q2 report, the amounts in the final report were $186,086 more than the amounts recorded in Luma and $121,759 more than the amounts reported on the templates.

The errors in the current expenditures also affect the amounts reported as cumulative expenditures.

The amount reported as current obligation in the Q2 report was overstated by $410,904. This caused the cumulative obligations to be overstated by the same amount.

We identified projects labeled as in-progress, but no agency templates were received for the quarterly reports. In these cases, the Division reported no changes from the prior report; however, without the agency templates, we

could not verify if that was correct. We identified 25 projects with no templates in the Q1 report and 12 in the Q2 report. In the Q2 report, one project with no template was reported as a $704,904 reduction in cumulative obligations compared to the prior report, and the Division could provide no support for the reported amount.

Cause: The Division has a control in place intended to identify and reduce errors in reporting. The reports are reviewed by an employee separate from the employee who compiled the reports. We reviewed documentation to verify the control was in place for the tested reports and found that one report was appropriately reviewed by a separate employee; however, the other report was reviewed by an employee who was also involved in the report compilation. On both reports, the reviews were not performed at a level of detail necessary to identify the errors.

The Division also made adjustments to some information provided by agencies based on possible mathematical or other logic errors but did not verify the adjustments were accurate with the agencies. The Division cited time constraints, a high turnover rate in fiscal personnel, and inadequate training as causes for the errors.

Effect: The cumulative errors in current expenditures resulted in a $1,859,235 overstatement in the Q1 report and a $630,943 understatement in the Q2 report. Current obligations were also overstated by $410,904 in the Q2 report. We were unable to accurately determine an error amount for projects with missing templates.

The errors identified were less than the $8,982,324 materiality for the CSLFRF program; however, that does not consider other potential errors we could not determine, and ineffective internal controls could lead to material errors in future reports.

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 contact the U.S. Department of the Treasury to correct erroneous information in the Treasury Portal as suggested in the *Project and Expenditure User Guide* published by the U.S. Department of the Treasury.

Management's View: *The Division agrees with the finding and recognizes that additional controls are needed to ensure CSLFRF Project and Expenditure reports are accurate, fully supported, and more thoroughly reconciled to the State's accounting system before submission. The Division notes that the identified errors were below the program's materiality threshold and did not result in a finding of material noncompliance or a material weakness. The Division also corrects reporting errors when they are identified. However, Treasury's published FAQ and written correspondence (attached) confirm that submitted reports cannot be reopened after the reporting deadline. Because P&E reports are cumulative, any necessary corrections must be reflected in a subsequent reporting period. This required correction process contributed to some of the differences identified during the audit because adjustments related to prior periods were necessarily recorded in later reports. Accordingly, the timing of these adjustments was consistent with Treasury's prescribed reporting process.*

Corrective Action: *The Division will implement the following corrective actions for all remaining CSLFRF P&E reports:*
1. Required agency support. Each administering agency will submit a completed reporting template for every active project. If no activity occurred, the agency must provide documented confirmation of no change. Missing templates will be tracked and escalated before the report is finalized.
2. Reconciliation to Luma. Current and cumulative expenditures and obligations will be reconciled by administering agency to Lumat. All differences will be documented and resolved before submission.
3. Independent detailed review. The review will cover source templates, Luma reconciliations, current and cumulative amounts, prior-period balances, adjustments, and evidence supporting projects reported with no change.
4. Procedures, training, and retention. The Division will document the reporting process, provide training and cross-training to staff involved in CSLFRF reporting, and retain the templates, reconciliations, agency confirmations, review checklist, and final submission support in a centralized reporting file.

5. Correction of prior reporting errors. The Division will correct the identified errors through Treasury's prescribed process. In written email correspondence to Justin Collins, the U.S. Department of the Treasury confirmed: 'Prior submitted reports are not eligible to be re-opened for revisions since the reporting deadline has passed. The SLFRF Project and Expenditure Reports are cumulative reports, and any adjustments needed will need to be made in the next reporting period.' Accordingly, the Division will document and include the necessary adjustments in the next available cumulative P&E report and retain Treasury's email as support for the correction method.

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. We would like to clarify that the Division is correct in stating that the errors we were able to identify were not material to the program, but we also were not able to verify the accuracy for those projects with missing templates and these two issues indicate significant deficiencies in the Division's internal controls over reporting that could lead to material errors in the future if not properly addressed.

IDAHO DEPARTMENT OF HEALTH AND WELFARE (Department)

FINDING 2025-210
The Department did not provide documented support to verify the accuracy of a Low Income Energy Assistance Program (LIHEAP) performance report.

Related to Prior Finding: 2024-230

Type of Finding: Significant Deficiency, Noncompliance

AL Title: Low-Income Home Energy Assistance
AL Number: 93.568
Federal Award Number: 2101IDLIEA; 2301IDLIEA; 2301IDLIEE; 2401IDLIEI; 2401IDLIEA
Program Year: October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2025
Federal Agency: Department of Health and Human Services
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 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 200.302(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 2025, 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 implement an internal control to ensure that sufficient documentation was maintained to support the accuracy of the required report.

This relates to Finding 2024-230 included in the fiscal year 2024 *Single Audit Report*. The performance report was submitted in January 2025 prior to the issuance of the fiscal year 2024 *Single Audit Report*. Corrective actions associated with the prior-year finding had not been implemented at the time of the submission of the report during fiscal year 2025.

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 implement internal controls and maintain sufficient documentation to support information included in LIHEAP performance reports.

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

Corrective Action: *The Department has updated a process document that will strengthen our internal controls regarding the LIHEAP performance report. The Department will compile and retain sufficient documentation to support the information included in the LIHEAP Performance report.*

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

FINDING 2025-211
Federal Funding Accountability and Transparency Act (FFATA) reports were not reviewed prior to submission and were not submitted timely.

Type of Finding: Material Weakness, Material Noncompliance

AL Title: Low-Income Home Energy Assistance
AL Number: 93.568
Federal Award Number: 2101IDLIEA; 2301IDLIEA; 2301IDLIEE; 2401IDLIEI; 2401IDLIEA; 2501IDLIEI; 2501IDLIEA
Program Year: October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2025; October 1, 2024 - September 30, 2026
Federal Agency: Department of Health and Human Services
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 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 things like approvals, authorizations, verifications, reconciliations, and segregation of duties.

Under the requirements of the FFATA (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to

report first-tier subawards of $30,000 or more through the Official U.S. Government System (SAM.gov) and must report no later than the end of the month following the month in which the subaward was issued.

Condition: During our discussions with the Department, we determined that the Department's FFATA reporting process was performed by a single individual who prepared and submitted reports without an independent review prior to submission.

Twenty-eight subawards were awarded by the Department in fiscal year 2025. We tested a sample of eight subawards and noted that seven (or 88 percent) were not submitted timely. The late submissions ranged from nine to nineteen months past the required reporting deadline.

Cause: Internal control procedures were not designed to include an independent review of the FFATA reports prior to submission. Additionally, due to staffing constraints, the Department assigned a lower priority to FFATA reporting, resulting in a backlog of FFATA reports and delayed submission of subaward information.

Effect: The FFATA reports are required to be submitted to SAM.gov, which makes the subaward information available to the public in a searchable database. Late reporting impacts the integrity of that information. Additionally, without documented internal controls, there is an increased risk that reporting errors or instances of noncompliance may occur and remain undetected and uncorrected.

Recommendation: We recommend that the Department design and implement internal control procedures to ensure compliance with federal reporting requirements for the complete, accurate, and timely completion of FFATA reports.

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

Corrective Action: *The FFATA Data Worksheet, developed by DHW, includes a list of all obligations of federal funds to subgrantees of $30,000 or more that occurred during the prior month. The due date will be added to the FFATA Data Worksheet to draw particular attention to that. The FFATA Data Worksheet is prepared by the Grant Reporting Team Lead, Financial Specialist, Senior, and the Cash and Grants Supervisor, Financial Specialist, Principal, will be responsible for reviewing it to ensure all applicable subgrants are included for the month. Once that review has occurred and any resulting edits have been made, the FFATA Data Worksheet will be returned to the Grant Reporting Team Lead to enter the data in sam.gov. As sam.gov does not offer a "save" function, there is not a presubmission review. The previously discussed review by the Cash and Grants Supervisor is aimed at preventing any noncompliance related to omission of reportable obligations. A final review aimed at detecting and timely correcting any material misstatements will take place with the Technical Records Specialist completing a data entry review to ensure the data entered into sam.gov agrees with the FFATA Data Worksheet.*

A FFATA Report Routing Sheet will also be developed to document the above reviews and approvals. The FFATA Report Routing Sheet will also include the due date as another point of monitoring for timely submission. Completed routing sheets and supporting documentation will be retained in the grant file as evidence that the required review, submission, and verification procedures are performed.

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

FINDING 2025-212
A Social Services Block Grant (SSBG) Post-Expenditure Report did not include a review and approval prior to submission.

Type of Finding: Material Weakness

AL Title: Social Services Block Grant

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL Number: 93.667
Federal Award Number: 2201IDSOSR; 2301IDSOSR; 2401IDSOSR; 2501IDSOSR
Program Year: October 1, 2021 – September 30, 2023; October 1, 2022 – September 30, 2024; October 1, 2023 – September 30, 2025; October 1, 2024 – September 30, 2026
Federal Agency: Department of Health and Human Services
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 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 things like approvals, authorizations, verifications, reconciliations, and segregation of duties.

The United States Code (USC) Title 42, Section 1397(e) requires states to submit to the federal administering agency, the Office of Community Services, an annual Post-Expenditure Report no later than six months following the close of the fiscal year.

Condition: During our discussions with the Department, we determined that the Department's Post-Expenditure Report process was performed by a single individual who prepared and submitted the reports without an independent review prior to submission.

Cause: The Department did not design and implement an internal control requiring review and approval prior to submission.

Effect: We did not identify any errors in the Post-Expenditure Report. However, without a documented internal control, there is an increased risk of errors occurring and going undetected.

Recommendation: We recommend that the Department design and implement internal controls to ensure the report submitted to the federal agency is complete, accurate, and in compliance with federal reporting requirements.

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

Corrective Action: *The SSBG Post-Expenditure Report has been added to the Department's Grant Log with the applicable due date and will follow the Department's established federal financial reporting review process. Prior to submission, the Grant Reporting Team will prepare the report and supporting workpapers, these include reconciliation of reported expenditures to the underlying financial records and documentation supporting the information reported. The report will be routed to the appropriate supervisor and/or Financial Manager for review and approval before submission. The Report Routing Cover Sheet will document the preparer, reviewer, date of review, approval, and any corrections or follow-up required.*

The Cash and Grants Supervisor will monitor the Grant Log to ensure the Post-Expenditure Report is routed, reviewed, approved, and submitted by the required due date. Completed Report Routing Cover Sheets and supporting documentation will be retained with the grant records as evidence that the required review and approval occurred prior to submission. This process will provide a documented review and approval control over the SSBG Post-Expenditure Report and ensure that management has evidence that the report was reviewed for accuracy and completeness before it is submitted.

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

FINDING 2025-213
A Social Services Block Grant (SSBG) financial report was not submitted timely.

Type of Finding: Material Weakness, Material Noncompliance

AL Title: Social Services Block Grant
AL Number: 93.667
Federal Award Number: 2301IDSOSR
Program Year: October 1, 2022 – September 30, 2024
Federal Agency: Department of Health and Human Services
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 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 things like approvals, authorizations, verifications, reconciliations, and segregation of duties.

The grant award issued by the Administration for Children and Families (ACF), U.S. Department of Health and Human Services, requires recipients to submit Federal Financial Reports (SF-425) annually no later than 90 days after the close of the federal fiscal year. In addition, the final SF-425 should be submitted no later than 120 days after the close of the project period.

Condition: During fiscal year 2025, the Department was required to submit three SF-425 reports, including a final report for grant phase 2023. We reviewed all three reports and noted that one of the three reports tested (or 33 percent), the final report for grant phase 2023, was due on December 31, 2024, but was not submitted until February 20, 2026, approximately 14 months after the required due date.

Cause: Although the Department demonstrated review and approval of the report prior to submission, controls did not operate effectively to monitor reporting deadlines and ensure timely submission.

Effect: Late report submissions may hinder timely oversight by the federal regulator and delay identification of potential financial or compliance issues. Additionally, ineffective controls increase the risk that future required reports may not be submitted within federally required timeframes.

Recommendation: We recommend that the Department strengthen internal controls over financial reporting to monitor reporting deadlines and ensure required SF-425 reports are submitted within required timeframes.

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

Corrective Action: *The Department will strengthen its existing grant reporting controls to provide earlier identification and escalation of issues that could prevent timely submission of required financial reports. The Grant Reporting Team will continue to use the Grant Log to monitor reporting due dates and will identify required source*

information and establish an internal completion date sufficiently in advance of the grantor deadline. If required information is unavailable, incomplete, or otherwise prevents the report from being finalized, the Grant Reporting Team Lead will escalate the issue to the Cash and Grants Supervisor and/or Financial Manager for resolution. When appropriate, the Department will communicate with the grantor regarding the reporting issue and request an extension before the established due date. Documentation of the request, grantor response, and any related resolution will be retained in the grant file.

The Report Routing Cover Sheet will be updated to document the completion of required reporting steps, including confirmation that all necessary supporting information has been received, required management review has occurred, and any extension request or related grantor communication has been documented and retained. The Cash and Grants Supervisor will review the Grant Log and Report Routing Cover Sheets at least monthly to identify upcoming reports, unresolved information requests, and reports at risk of missing their due dates. This process will provide management with sufficient advance notice to intervene when necessary and will establish a documented record demonstrating that required financial reports were monitored through completion and submitted timely.

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

FINDING 2025-214
The Department did not review the Child Care Development Fund (CCDF) Administration for Children and Families (ACF) Form 696 report at a sufficient level to identify an $88,822 misstatement.

Related to Prior Finding: 2024-224

Type of Finding: Material Weakness, Noncompliance

AL Title: Child Care Mandatory and Matching Funds of the Child Care and Development Fund
AL Number: 93.596
Federal Award Number: 2301IDCCDF
Program Year: October 1, 2022 – September 30, 2025
Federal Agency: Department of Health and Human Services
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 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 things like 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 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 Child Care and Development Fund (CCDF) financial report (Form ACF-696) on a quarterly basis for each grant. The Department compiles the report using supporting workpapers that summarize expenditures by funding source, including mandatory, matching, and discretionary funds.

During our testing, we found that one out of four Forms ACF-696 tested (or 25 percent) contained a formula error within the supporting workpaper that resulted in inaccurate amounts being reported on the quarterly financial report. Specifically, Child Care Administration expenditures and Total Expenditures of Discretionary Funds were understated by $88,822, while Federal Share of Obligations was overstated by $88,822.

Cause: The Department's review of Form ACF-696 was not performed at a sufficient level of detail to identify a formula error in the workpaper used to prepare the report.

This relates to Finding 2024-224 included in the fiscal year 2024 *Single Audit Report.* The report was submitted in April 2025 prior to the issuance of the fiscal year 2024 *Single Audit Report*. Corrective actions associated with the prior-year finding had not been implemented at the time of the submission of the April 2025 report.

Effect: Child Care Administration expenditures were understated by $88,822 (3.7 percent) and should have been reported as $2,492,664. Total Expenditures of Discretionary Funds were understated by $88,822 (0.4 percent) and should have been reported as $24,284,017. As a result of the error, the Federal Share of Obligations was overstated by $88,822. Inaccurate reporting may affect the reliability of information used by ACF to monitor program expenditures, obligations, and compliance with federal requirements.

Recommendation: We recommend that the Department strengthen review procedures regarding Form ACF-696 to ensure information reported to the federal agency is complete, accurate, and supported by underlying calculations prior to submission.

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

Corrective Action: *The Grant Reporting Team Lead, Cash and Grants Supervisor, and/or Financial Manager will strengthen its review by performing and documenting an in-depth review of the ACF-696 workpapers each time a grant budget period or phase is rolled forward. This review will be completed within 90 days of the start of the new budget period and will include verification of applicable formulas and other high-risk calculations.*

To provide ongoing oversight, the Grant Log will be used as a centralized tracking mechanism to document budget period start dates, assigned reviewer, review completion date, identified discrepancies, and resolution of any issues. Reviewers will retain documentation evidencing the review and any corrections made. The Cash and Grants Supervisor or Financial Manager will periodically verify completion of the reviews and evaluate identified discrepancies to determine whether additional corrective action or process changes are necessary. These procedures are intended to provide a documented, repeatable review process with sufficient precision to identify reporting errors.

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

FINDING 2025-215
The Department did not meet the Mental Health Block Grant (MHBG) earmarking requirement for evidence-based programs addressing early serious mental illness.

Type of Finding: Significant Deficiency, Noncompliance

AL Title: Community Mental Health Services Block Grant
AL Number: 93.958

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Award Number: B09SM087355
Program Year: October 1, 2022 - September 30, 2024
Federal Agency: Department of Health and Human Services
Compliance Requirements: Matching, Level of Effort, and Earmarking
Questioned Costs: $97,603 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 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 items such as approvals, authorizations, verifications, reconciliations, and segregation of duties.

Pursuant to 42 USC 300x-9c, a state shall expend not less than 10 percent of the MHBG award for evidence-based programs that address the needs of individuals with early serious mental illness, including psychotic disorders.

Condition: During our testing, we noted that the Department did not meet the earmarking requirement for evidence-based programs addressing the needs of individuals with early serious mental illness. The fiscal year 2023 MHBG award, which ended during the audit period, required the Department to expend at least $547,052 of the $5,470,521 award on qualifying evidence-based programs. However, the Department expended only $449,449, resulting in a shortfall of $97,603.

Cause: The Department maintained spreadsheets to budget and track expenditures related to evidence-based programs addressing early serious mental illness throughout the grant period. However, the Department's process for monitoring the required earmark amount was not designed to ensure compliance with the federal expenditure requirement.

Effect: The Department did not comply with the earmarking requirement for evidence-based programs addressing early serious mental illness and under-expended the required amount by $97,603. As a result, fewer funds were directed toward services intended to address the needs of individuals with early serious mental illness than required under the program.

Recommendation: We recommend that the Department strengthen internal controls to ensure expenditures for evidence-based programs addressing early serious mental illness are sufficient to meet the required earmarking amount before the end of the grant period.

Management's View:
Idaho Department of Health and Welfare (DHW) agrees with the finding. DHW consulted with the Substance Abuse and Mental Health Services Administration (SAMHSA) Grants Project Officer (GPO) regarding the Early Serious Mental Illness (ESMI) earmarking requirement, including how the requirement is calculated, the flexibility available for meeting the requirement, and the potential impact on future Mental Health Block Grant (MHBG) funding. The GPO confirmed that the standard requirement is to expend not less than 10% of the MHBG award on evidence-based programs addressing ESMI. The GPO also confirmed that a State may elect the two-year option to expend not less than 20% of the ESMI set-aside by the end of the succeeding fiscal year. For Idaho's current grant period, this provides additional time to meet the expenditure requirement through qualifying ESMI activities.

SAMHSA GPO Guidance

The GPO further stated that if Idaho appropriately elects and documents the 20% two-year option, SAMHSA would not expect a penalty or negative impact on future MHBG funding. If the expenditure requirement is not met, unexpended ESMI set-aside funds cannot be drawn down and would revert to the Treasury. If ESMI set-aside funds are spent on non-ESMI activities, the amount used for those expenditures would need to be returned. This repayment requirement would not apply to other MHBG funds that were properly spent on allowable activities outside of the ESMI set-aside.

The GPO also clarified that there is no separate waiver or exception process for the ESMI expenditure requirement beyond the 20% two-year flexibility. SAMHSA's MHBG closeout team will provide additional guidance regarding documentation expected at closeout to support use of the two-year flexibility. The GPO also clarified that no-cost extensions are not currently an option for the MHBG grant.

The 10% ESMI earmark is calculated based on the total MHBG award amount for the grant period, not the amount drawn down or spent to date.

Prior Monitoring Process
DHW has historically used grant budget papers, LUMA financial system expenditure information, and spreadsheets to track ESMI expenditures; however, prior processes did not provide sufficient controls to ensure the required earmark was met. LUMA expenditure reporting and data processes have since been improved and are now used as part of the monitoring process.

Improvements Already Implemented
DHW has already taken steps to strengthen the monitoring of MHBG and ESMI expenditures. The MHBG team is developing an MHBG expenditure tracking tool to monitor expenditures at the program level and the amount needed to meet the ESMI earmark. The MHBG team also reviews LUMA expenditure data to monitor spending, identify issues or discrepancies, and determine whether additional follow-up is needed. The Finance and Budget Unit (FABU) updates the LUMA Data tab in the Realignment Project spreadsheet, and Grant Reporting posts the MHBG workpapers for review. The MHBG team reviews the expenditure information and MHBG workpapers and compares ESMI expenditures to the required earmark.

The MHBG team also meets quarterly with internal partners to review MHBG grant activities, expenditures, reporting, progress made, and any challenges or concerns. These meetings provide an opportunity to discuss how the grant is progressing, identify potential issues, and determine whether additional follow-up is needed.

For MHBG funding, the MHBG Team has implemented an annual Internal Funding Request process to provide a consistent process for requesting, reviewing, approving, and tracking MHBG funding.

These improvements will be incorporated into the formal monitoring process outlined below and will continue throughout the grant period.

Corrective Action: *Idaho Department of Health and Welfare (DHW) will implement a formal process to monitor compliance with the Mental Health Block Grant (MHBG) 10% Early Serious Mental Illness (ESMI) earmarking requirement throughout each grant period. The Adult Mental Health (AMH) Program Manager will oversee implementation of the monitoring process, with review and oversight by the System Design and Implementation Bureau– Adult Behavioral Health (SDI-ABH) Chief and System Design and Implementation Programs Bureau Chief. The MHBG team, ESMI team, Grant Reporting, and Finance and Budget Unit (FABU) will each have defined responsibilities within the monitoring process. The corrective action will include the following steps:*

1. Establish an ESMI expenditure tracking process. The MHBG team will develop and maintain an MHBG expenditure tracking tool to identify and track qualifying ESMI expenditures at the program level and compare the expenditure information to the

required 10% earmark for the MHBG grant. FABU will maintain the expenditure information in the Realignment Project spreadsheet, and Grant Reporting will provide the MHBG workpapers through its established process.

2. Calculate the required earmark amount. At the beginning of each grant period, the MHBG team will calculate and document the amount required to meet the 10% ESMI earmark and the timeframe for meeting the requirement before the end of the grant period.

3. Monitor ESMI expenditures quarterly. FABU will provide the ESMI personnel costs monthly and continue to update the LUMA Data tab in the Realignment Project with the expenditure information. Grant Reporting will post the MHBG workpapers. The ESMI team will manage the ESMI contracts, provide support to ESMI providers, and review and process ESMI invoices to ensure providers are submitting invoices in accordance with their contracts. The MHBG team will review the workpapers and expenditure information for accuracy, compare the program-level expenditure tracking to the information provided in the grant workpapers, and compare actual ESMI expenditures to the required 10% earmark. The MHBG team will follow the established workpaper review and approval process.

4. Review expenditure status and address potential shortfalls. The MHBG team will review the quarterly expenditure information to identify potential shortfalls and determine whether additional qualifying ESMI expenditures may be needed to meet the 10% ESMI earmark. If a potential shortfall is identified, the MHBG team will work with internal partners and look for additional qualifying ESMI activities, including opportunities with other providers or programs, to address the shortfall and meet the setaside requirement before the end of the grant period. FABU and Grant Reporting will complete their respective reviews as part of their established processes. The MHBG team will reach out to FABU or Grant Reporting as needed when questions, discrepancies, or clarification are identified. The AMH Program Manager will oversee this process and provide updates to the SDI-ABH Behavioral Health Chief and System Design and Implementation Programs Bureau Chief as needed.

5. Maintain supporting documentation. The MHBG team will maintain documentation supporting the ESMI expenditure monitoring process, including the expenditure tracking, quarterly reviews, required 10% earmark calculations, MHBG grant workpapers reviewed, the timeframe for meeting the requirement, and any identified discrepancies or corrective actions. Documentation will be maintained in the appropriate grant files in accordance with DHW record retention requirements.

6. Complete the grant closure review. FABU will initiate the established grant closure process approximately two months prior to the closure of each grant phase. During Stage 1, the grant will be reviewed to identify the areas and parties that need to be involved in the closure process. During Stage 2, Grant Reporting, Cash Management, and other identified parties will participate in the closure review. The MHBG team will participate in the closure process and review the ESMI expenditures and documentation to verify that the required 10% earmark has been met. Any questions or discrepancies identified during the closure process will be addressed with the appropriate parties. The results of the review will be documented and maintained with the grant records.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit. We would like to clarify that the two-year option to expend not less than 20 percent of the EMSI set-aside was not met, based on the communication and documentation provided by the Department. The Department indicated that there were not enough applicable cases to meet the 10 percent earmarking minimum in any given year. In addition, the second year of the specific grant reviewed is already complete and based on the supporting documentation spreadsheet provided by the Department the option for a two-year 20 percent earmarking was not met.

FINDING 2025-216
The Department understated federal expenditures on the Children's Health Insurance Program (CHIP) CMS-21 Base Reports by $1,088,209.

Type of Finding: Significant Deficiency, Noncompliance

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

AL Title: Children's Health Insurance Program
AL Number: 93.767
Federal Award Number: 2405ID5021; 2505ID5021
Program Year: October 1, 2023 – September 30, 2025; October 1, 2024 – September 30, 2026
Federal Agency: Department of Health and Human Services
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 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 items such as approvals, authorizations, verifications, reconciliations, and segregation of duties.

The Centers for Medicare & Medicaid Services (CMS) requires states participating in CHIP to submit the Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI (Form CMS-21). The CMS-21 Base Report is the State's accounting statement of actual recorded CHIP expenditures and the disposition of federal funds claimed under Title XXI. Amounts reported on the CMS-21 Base Report must be based on actual recorded expenditures supported by underlying source documentation.

Condition: During our testing, we noted federal expenditures reported on the CMS-21 Base Reports were understated by $1,088,209. Specifically, cost allocation expenditures were omitted from the data used to prepare the CMS-21 Base Reports. The omission affected all four quarterly reporting periods during fiscal year 2025.

Cause: The Department did not maintain an effective process to ensure all eligible expenditures, including cost allocation expenditures, were included in the data used to prepare the CMS-21 Base Reports.

Effect: Federal expenditures reported on the CMS-21 Base Reports were understated by $1,088,209, resulting in eligible expenditures not being claimed in the appropriate reporting periods. Inaccurate reporting may affect the reliability of information used by CMS to monitor program expenditures and determine the federal share of CHIP expenditures.

Recommendation: We recommend that the Department strengthen internal controls over the CMS-21 Base Reports to ensure all eligible expenditures, including cost allocation expenditures, are included and accurately reported prior to submission.

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

Corrective Action: *During the FFY 2026, Quarter 1 CMS-21 reporting cycle, the Medicaid Budget Team identified underreported indirect expenditures for State Fiscal Years 2024 and 2025. The discrepancies were traced to initial reporting issues following the LUMA system go-live in July 2023, which resulted in indirect expenditures not being incorporated into the CMS-21 reporting process.*

To address the underreporting, the Medicaid Budget Team entered prior-period adjustments on CMS 21P forms to claim the eligible expenditures for the affected eight quarters, consistent with applicable CMS reporting requirements.

To strengthen internal controls and prevent recurrence, the Medicaid Budget Team developed a new report that automatically incorporates indirect expenditures into the CMS-21 workpapers. This automated process reduces the risk of indirect expenditures being omitted and provides additional control to improve the completeness and accuracy of future CMS-21 reporting.

Included is the CMS 21 Summary Sheet which shows the consolidation of the prior period adjustments make to claim all identified expenditures that had been omitted (line 2).

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

FINDING 2025-217
The Department lacked documented evidence of monitoring over provider screening and enrollment activities performed by the Department's service organization for the Medicaid and CHIP programs.

Type of Finding: Material Weakness

AL Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare; Medical Assistance Program; Children's Health Insurance Program
AL Number: 93.777; 93.778; 93.767
Federal Award Number: 2405ID5000; 2405ID5CAA; 2405ID5MAP; 2405ID5ADM; 2505ID5MAP; 2505ID5ADM; 2405ID5021; 2505ID5021
Program Year: July 1, 2019 – June 30, 2025; May 1, 2021 – April 30, 2026; October 1, 2023 – September 30, 2025; October 1, 2024 – September 30, 2026
Federal Agency: Department of Health and Human Services
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 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 regulation further requires recipients to evaluate and monitor compliance with statutes, regulations, and the terms and conditions of 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 items such as approvals, authorizations, verifications, reconciliations, monitoring activities, and segregation of duties. Monitoring activities are used to assess whether internal controls are present and functioning and to evaluate deficiencies in a timely manner.

To receive Medicaid or CHIP payments, providers must be licensed in accordance with applicable federal, state, and local laws and regulations; screened and enrolled in accordance with 42 CFR Part 455, Subpart E; comply with state plan and applicable disclosure requirements included in 42 CFR Part 455, Subpart B; and not be barred from participation by the Office of Inspector General's exclusion list. States must also follow guidance included in the Medicaid Provider Enrollment Compendium (MPEC) when enrolling providers. The MPEC section 1.5.3.B.1 titled State Medicaid Agency (SMA) Bears Responsibility for Screening Activities Delegated to its Contractors states that, "For the provider screening requirements under Subpart E and based on the disclosures under Subpart B, to the extent that a SMA delegates responsibility for provider screening and enrollment to a contractor, the SMA remains fully responsible for compliance with the requirements at Subpart B and Subpart E."

Condition: As a condition of accepting the grant award, the Department establishes provider eligibility requirements to ensure providers meet applicable State and federal participation requirements. One of the

Department's independent service organizations performs provider eligibility activities for the Medicaid and CHIP programs, including provider enrollment, screening, licensure verification, and revalidation. The service organization processes applications and supporting documentation submitted by providers and reviews the documentation required for each provider type before updating a provider's eligibility status within the Medicaid Management Information System (MMIS).

The Department relies on the service organization to determine whether providers are eligible to participate in the Medicaid and CHIP programs. However, when we requested documentation to support the Department's efforts to ensure the service organization was properly determining and documenting provider eligibility for the Medicaid and CHIP programs, we found that no procedures are in place.

Cause: The Department does not believe that documented contract monitoring over the service organization is required therefore does not have an internal control in place to document and retain evidence of monitoring activities performed over the service organization's provider eligibility processes.

Effect: Although our testing did not identify any ineligible providers, the absence of documented monitoring increases the risk that providers who do not meet eligibility requirements could participate in the programs and receive Medicaid or CHIP payments.

Recommendation: We recommend that the Department establish and implement formal internal controls over monitoring procedures of the service organization's provider eligibility processes and retain documentation demonstrating those monitoring activities were performed.

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

Corrective Action: *The department routinely identifies, evaluates, and addresses areas of deficiency through its established oversight processes for our enrollment and credentialling contractor, Gainwell Technologies. The department reviews and documents, on a monthly basis, the contractor's performance on 175 measures. The department and Gainwell representatives also participate in five (5) weekly, one (1) biweekly, and two (2) monthly meetings to facilitate issue identification, resolution, and monitoring of contractual performance related to enrollment and credentialling.*

While there were no providers found to be inappropriately enrolled or credentialled, the department understands that there are outstanding concerns regarding the state's oversight. The department will coordinate with the Centers for Medicare and Medicaid Services (CMS) to identify gaps between current practices and CMS expectations establish a plan to address the auditors' concerns regarding compliance. The department anticipates completing this plan by January 1, 2027.

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

FINDING 2025-218
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 were properly licensed and in good standing.

Related to Prior Finding: 2024-218

Type of Finding: Material Weakness, Noncompliance

AL Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare; Medical Assistance Program; Children's Health Insurance Program
AL Number: 93.777; 93.778; 93.767

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Award Number: 2405ID5000; 2405ID5CAA; 2405ID5MAP; 2405ID5ADM; 2505ID5MAP; 2505ID5ADM; 2405ID5021; 2505ID5021
Program Year: July 1, 2019 – June 30, 2025; May 1, 2021 – April 30, 2026; October 1, 2023 – September 30, 2025; October 1, 2024 – September 30, 2026
Federal Agency: Department of Health and Human Services
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 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 regulation further requires recipients to evaluate and monitor compliance with statutes, regulations, and the terms and conditions of 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 items such as approvals, authorizations, verifications, reconciliations, monitoring activities, and segregation of duties. Monitoring activities are used to assess whether internal controls are present and functioning and to evaluate deficiencies in a timely manner.

To receive Medicaid or CHIP payments, providers must be licensed in accordance with applicable federal, state, and local laws and regulations; screened and enrolled in accordance with 42 CFR Part 455, Subpart E; comply with state plan and applicable disclosure requirements included in 42 CFR Part 455, Subpart B; and not be barred from participation by the Office of Inspector General's exclusion list. States must also follow guidance included in the Medicaid Provider Enrollment Compendium (MPEC) when enrolling providers. Medicaid and CHIP managed care network providers are subject to the same disclosure, screening, enrollment, and termination requirements applicable to fee-for-service providers pursuant to 42 CFR Part 438, Subpart H.

Condition: The Department has contracts with four MCOs. Two of the MCOs are required to submit annual provider roster reports for their applicable managed care plans. Receipt, review, and approval of the provider roster reports for each applicable plan are documented by the Department on a tracking spreadsheet. We verified that the Department received the required provider roster reports; however, the tracking spreadsheet did not document the receipt, review, or approval of two of the four managed care plans (or 50 percent).

This relates to Finding 2024-218 included in the fiscal year 2024 *Single Audit Report*. Corrective actions associated with the prior-year finding had not been implemented when the provider roster reports were received.

Cause: Although the Department had established internal controls to document the receipt, review, and approval of the provider roster reports, the control was not consistently performed due to an oversight by the Division of Medicaid.

Effect: In the absence of documented internal controls over the provider roster reports, an MCO could be enrolling and maintaining ineligible providers. As a result, the Medicaid and CHIP programs may be at an increased risk of making payments to ineligible providers.

Recommendation: We recommend that the Department consistently implement internal controls over the MCO provider roster reports and properly document the receipt, review, and approval information.

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

Corrective Action: *In 2025, the Department contracted with four (4) MCOs across six (6) contracts. Rosters were received and reviewed by staff but not noted in the contract monitoring tracker for the two (2) contracts. Moving forward higher levels of leadership (program managers and bureau chiefs) will be required to sign off to confirm that the review was noted in contract monitoring documentation. This will ensure that the provider roster and other reports are properly documented and reviewed.*

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

FINDING 2025-219
The Department could not provide sufficient documentation to demonstrate compliance with provider eligibility requirements for managed care network providers.

Related to Prior Finding: 2024-217

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; Children's Health Insurance Program
AL Number: 93.777; 93.778; 93.767
Federal Award Number: 2405ID5000; 2405ID5CAA; 2405ID5MAP; 2405ID5ADM; 2505ID5MAP; 2505ID5ADM; 2405ID5021; 2505ID5021
Program Year: July 1, 2019 – June 30, 2025; May 1, 2021 – April 30, 2026; October 1, 2023 – September 30, 2025; October 1, 2024 – September 30, 2026
Federal Agency: Department of Health and Human Services
Compliance 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 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 items such as approvals, authorizations, verifications, reconciliations, and segregation of duties.

To receive Medicaid or CHIP payments, providers must be licensed in accordance with applicable federal, state, and local laws and regulations; screened and enrolled in accordance with 42 CFR Part 455, Subpart E; comply with state plan and applicable disclosure requirements included in 42 CFR Part 455, Subpart B; and not be barred from participation by the Office of Inspector General's exclusion list. States must also follow guidance included in the Medicaid Provider Enrollment Compendium (MPEC) when enrolling providers. Medicaid and CHIP managed care network providers are subject to the same disclosure, screening, enrollment, and termination requirements applicable to fee-for-service providers pursuant to 42 CFR Part 438, Subpart H.

Condition: The Department contracts with four MCOs to provide managed care services. During our testing of 62 managed care providers, 41 providers were selected from a single MCO's provider network. The Department was unable to provide sufficient documentation to demonstrate compliance with provider eligibility requirements for providers associated with the specific MCO.

The Department provided limited documentation for 20 of the 41 providers selected from the MCO's provider network. The documentation supported licensure and Office of Inspector General (OIG) exclusion screening for those providers; however, it did not demonstrate all information necessary to verify compliance with applicable provider screening and enrollment requirements. The Department did not provide documentation for the remaining 21 providers.

The Department did not provide provider agreements for any of the 41 providers selected from the MCO's provider network. As a result, compliance with applicable State plan requirements could not be verified for these providers. Documentation supporting compliance with disclosure requirements was provided for only 4 of the 41 providers selected from the MCO's provider network.

Overall, 41 of the 62 providers tested (or 66 percent) lacked sufficient documentation to demonstrate compliance with provider screening and enrollment requirements and applicable State plan requirements related to provider agreements; 37 of the 62 providers tested (or 60 percent) lacked sufficient documentation to demonstrate compliance with disclosure requirements; and 21 of the 62 providers tested (or 34 percent) lacked sufficient documentation to demonstrate compliance with OIG exclusion screening requirements.

This relates to Finding 2024-217 included in the fiscal year 2024 *Single Audit Report*. Corrective actions associated with the prior-year finding had not been implemented.

Cause: The Department did not have adequate oversight procedures to ensure it could obtain sufficient documentation from its contracted MCO to demonstrate compliance with provider eligibility requirements.

Effect: We were unable to confirm the noted providers were in compliance with provider eligibility requirements because sufficient documentation was not available. As a result, the Medicaid and CHIP programs may be at an increased risk of making payments to ineligible providers.

Recommendation: We recommend that the Department strengthen oversight of its contracted MCOs and implement procedures to ensure sufficient documentation is maintained and can be timely obtained to demonstrate compliance with provider eligibility requirements.

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

Corrective Action: *The Department will work to enhance its oversight of the Managed Care Organizations (MCOs). Current contract requirements state 'submit documentation requested by IDHW within three (3) business days for standard requests, and within ten (10) business days for requests that require significant preparation, or a mutually agreed upon date.' One MCO, Molina, did not fulfill the data requests in a timely manner in accordance with their contract. The Department will impose all available liquidated damage remedies in the current contract for this delay from the MCO. This will be completed by December 31, 2026*

Medicaid is in process of writing contract language that will be implemented in the next amendment cycle before the end of the fiscal year. The amended contract language will state that information related to audits will need to be supplied within one (1) business day for urgent, three (3) business days for expedited, and five (5) for average. The Department will work with the Division of Purchasing to determine if it is possible to amend the liquidated damage section to ensure that we can hold the MCO vendors accountable for providing information during such audits in the future.

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

Finding 2025-220
Payroll adjustments lacked sufficient internal controls.

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Related to Prior Finding: 2024-234

Type of Finding: Significant Deficiency

AL Title: State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare; Medical Assistance Program; Community Mental Health Services Block Grant
AL Number: 93.777; 93.778; 93.958
Federal Award Number: 2405ID5000; 2405ID5CAA
2405ID5MAP; 2405ID5ADM; 2505ID5MAP; 2505ID5ADM; B09SM087355
Program Year: July 1, 2019 – June 30, 2025; May 1, 2021 – April 30, 2026; October 1, 2022 - September 30, 2024; October 1, 2023 – September 30, 2025; October 1, 2024 – September 30, 2026
Federal Agency: Department of Health and Human Services
Compliance 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 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 items such as approvals, authorizations, verifications, reconciliations, and segregation of duties.

Condition: This issue relates to Finding 2024-234 included in the fiscal year 2024 *Single Audit Report*. When a payroll correction involving large volumes of data is required, the adjustment is prepared using an Infor Spreadsheet Designer (ISD) template. The ISD adjustments cannot be reviewed within Luma after entry; therefore, the Department implemented corrective actions requiring approval documentation to be retained outside of Luma.

However, during our review of fiscal year 2025 payroll adjustments charged to major federal programs, the Department was unable to locate approval documentation for 17 of the 62 transactions tested (or 27 percent). Of the 17 exceptions identified, 16 related to the Medicaid program.

Cause: Corrective action procedures were not consistently followed. While other programs retained e-mail approval documentation, approvals for Medicaid payroll adjustments were obtained through Microsoft Teams, and logs supporting those approvals were not retained.

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.

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

Corrective Action: *Updated ISD interface training and procedure documents.*
The ISD interface protocol has been revised to specifically address the required approval process for corrections. Updated training educates Financial Specialists on the proper procedures and reinforces the requirement to obtain documented approval via email before any corrections are interfaced. The Training documents also stress the

importance of attaching the documents to the system to maintain proper records of such approval. Refresher training was also provided for all analysts.

Expected outcome: These actions establish consistent, documented approval control for ISD corrections, and ensure that email approval evidence is retained with each transaction.

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

IDAHO MILITARY DIVISION (Division)

FINDING 2025-221
The Division did not complete required Federal Funding Accountability and Transparency Act (FFATA) reports for the Homeland Security Grant Program.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Homeland Security Grant Program
Assistance Listing Number: 97.067
Federal Award Number: EMW-2024-SS-05016
Program Year: September 1, 2024 – August 31, 2027
Federal Agency: Department of Homeland Security
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 approvals, authorizations, verifications, reconciliations, 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). All FFATA reports are due by the end of the month following the month the subawards are obligated.

Condition: The FFATA was developed to provide better transparency over management of federal grants and contracts. The Division issued 29 subawards for the Homeland Security Grant Program, Assistance Listing (AL) 97.067, in fiscal year 2025 with anticipated expenditures in excess of $30,000 each that met the FFATA reporting requirements.

The Division's Idaho Office of Emergency Management utilizes an in-house tracker for subawards above $30,000, based on annual allocations to subrecipients. This in-house tracker includes information such as when the subawards are created and when the FFATA reporting is completed. Based on our review procedures, FFATA reports were submitted 3 to 6 months late for 23 out of 29 subawards reviewed, and report submissions were not completed for 6 subawards. In addition, the Division's internal tracking spreadsheet was incomplete and contained duplicate entries.

Cause: The Division's current procedures do not accurately reflect the specific timeframes outlined in the compliance requirement. Employee turnover and system changes within the Division also contributed to a lack of full training on FFATA compliance requirements.

Effect: The FFATA reports are required to be submitted to the Federal Subaward Reporting System (FSRS) no later than the end of the month following the month in which the subaward is issued. The FFATA reporting provides the public with 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 Division improve the design and implementation of internal controls procedures to ensure understanding of compliance requirements applicable to submitting accurate and timely FFATA reports.

Management's View: *The agency agrees with the issue identified.*

Subawards of $30,000 or more are to be reported to the FFATA Subaward Reporting System (FSRS). All FFATA reports are due by the end of the month following the month the subawards are obligated. While IOEM utilizes a tracker for FFATA reporting, some reports were late or missing. Federal government shutdowns, the change in FFATA reporting portal (FSRS was retired on March 8, 2025, and all FFATA reporting must be submitted in SAM.GOV), staffing turnover and delayed grant reimbursements resulted FFATA reporting delays.

Corrective Action: *Resolution- The IOEM Finance Section (group responsible for FFATA reporting) is now fully staffed, and a Standard Operating Procedure / Instruction Guide has been developed to assist existing and new staff in adhering to FFATA reporting requirements in the new SAM.GOV interface. This will ensure consistency and thoroughness in FFATA reporting.*

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

FINDING 2025-222
The Division did not ensure Homeland Security Grant funds were obligated to subrecipients within the required 45 days of receipt of the award.

Type of Finding: Significant Deficiency, Noncompliance
Assistance Listing Title: Homeland Security Grant Program
Assistance Listing Number: 97.067
Federal Award Number: EMW-2021-SS-00082-S01; EMW-2022-00109-S01; EMW-2023-SS-00078-S01; EMW-2024-SS-05016
Program Year: September 1, 2021 – August 31, 2024; September 1, 2022 – August 31, 2025; September 1, 2023 – August 31, 2026; September 1, 2024 – August 31, 2027
Federal Agency: Department of Homeland Security
Compliance Requirement: Special Tests
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 approvals, authorizations, verifications, reconciliations, reporting and compliance with applicable laws and regulations.

In addition, the *Uniform Guidance* requires the State to obligate at least 80 percent of the program funds to local and tribal governments within 45 calendar days of receipt of the funds.

Condition: The Division completes an internal allocation worksheet to determine the amount of program funds to distribute to subrecipients. The Homeland Security Grant includes three programs: State Homeland Security Program (SHSP), Urban Area Security Initiative (UASI), and Operation Stonegarden (OPSG). Then the Division creates a grant award notice (GAN) for each subrecipient and each program that includes specific federal program information for each AL and award amount. The GAN issuance to the subrecipients signifies the award obligation. We tested a sample of 21 of the 140 subaward agreements and found 2 deviations (9 percent) where the GAN was not issued within the required 45-days from receipt of award. One SHSP award notice was dated 53 days from receipt of award (8 days late). One OPSG award notice was dated 118 days from receipt of award (73 days late).

Cause: The Division was not fully knowledgeable of the compliance requirement dictated by *Uniform Guidance* for the Homeland Security Grant. The Division instead followed the Notice of Funding Opportunity (NOFO) for guidelines of project goals, funding limits, evaluation criteria, and deadlines to secure funding. Further, the Division assumed certain guidelines did not apply to the OPSG because NOFO did not explicitly include references for this portion of the Homeland Security Grant.

Effect: Two Home Security Grant award letters were not dated within the required 45 days of receipt of the award. Failure to obligate funds in a timely manner, or within 45 calendar days of receipt of the award, results in the Division being non-compliant with federal guidelines. Additionally, not making funds available in a timely manner prevents subrecipients from receiving program awards as soon as possible.

Recommendation: We recommend that the Division improve the design and implementation of internal controls procedures to ensure compliance with 45-day obligation requirements.

Management's View: *The agency partially agrees with the issue identified.*

Of those sampled, 2 subaward agreements were not issued within the 45-day requirement. IOEM does question whether the Operation Stone Garden Grant Program (OPSG) is subject to the 45-day requirement as Customs and Border Patrol approves the participating jurisdiction's grant projects. Based on State Administration Agencies request for clarification, Idaho's FY 25 HSGP Award Amendment states the following: "As required by 6 U.S.C. § 605(c) for SHSP and 6 U.S.C. § 604(d) for UASI, the recipient must make available to local and tribal governments not less than 80 percent of the SHSP and UASI funds awarded under this award, within 45 days. ***This requirement applies to SHSP and UASI funds only and does not apply to OPSG funds****" (bolded for emphasis).*

The 2025 OMB Compliance Supplement Special Tests for HSGP indicate: "States… must obligate at least 80 percent of funds awarded to them under SHSP and UASI to local or Tribal governments within 45 calendar days of receipt of the funds." It is of note that OPSG is not included in this Special Test. One of the two grant agreements issued over 45 days is associated with OPSG.

Corrective Action: *Resolution - IOEM's Grants Branch Chief accepts grant awards on IOEM's behalf. The Grants Branch Chief will notify the Finance Section Chief and the Grant Analysts via email the date the award is accepted, the date 45 days from award acceptance and a deadline within the 45 days subaward obligation documents are expected to be issued. The Grants Branch Chief will review subaward obligations to assure they are issued within 45 days of award acceptance.*

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. The Homeland Security Grant Program (HSGP) comprises three grant programs: State Homeland Security Program

(SHSP), Urban Area Security Initiative (UASI), and Operation Stonegarden (OPSG). We would like to clarify that the 2025 OMB Compliance Supplement Special Test for HGSP specifically states the audit objective is "to determine if the state complied with the requirement to obligate 80 percent of the funds awarded under SHSP and UASI and 100 percent of the OPSG allocation passed through to local and tribal governments within 45 calendar days of receipt of the funds…". The 45-day obligation requirement is required for all three grant programs in the HSGP federal award.

FINDING 2025-223
The Division did not complete sufficient subrecipient monitoring for the Homeland Security Grant during fiscal year 2025.

Type of Finding: Material Weakness, Material Noncompliance

Assistance Listing Title: Homeland Security Grant Program
Assistance Listing Number: 97.067
Federal Award Number: EMW-2021-SS-00082-S01; EMW-2022-00109-S01; EMW-2023-SS-00078-S01; EMW-2024-SS-05016
Program Year: September 1, 2021 – August 31, 2024; September 1, 2022 – August 31, 2025; September 1, 2023 – August 31, 2026; September 1, 2024 – August 31, 2027
Federal Agency: Department of Homeland Security
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 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.

Specific requirements for pass-through entities in 2 CFR 200.332(c) states that pass-through entities must evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine the appropriate level of subrecipient monitoring to be completed.

Further requirements at 2 CFR 200.332(e) indicate the pass-through entity must monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with federal statutes, regulations, and the terms and condition of the subaward. The pass-through entity is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved. In monitoring a subrecipient, a pass-through entity must:

1. Review financial and performance reports.
2. Ensure that the subrecipient takes corrective action on all significant developments that negatively affect the subaward.
3. Issue a management decision for audit findings pertaining to the federal award.
4. Resolve audit findings specifically related to the subaward.

Condition: The Division's subrecipient monitoring procedures include desk reviews and site visits. The Division also completes a risk assessment for each subrecipient prior to issuing a subaward and annually thereafter. The frequency of site visits and desk reviews vary depending on the assessed risk level. The Division strives to complete a desk review or site visit for every subrecipient at least once every five years. Subrecipients assessed at higher risks receive a site visit or desk review more frequently.

The Division uses a worksheet to track risk assessments & monitoring activities of the 65 subrecipients. Based on our review, the tracking worksheet indicated that 34 subrecipients should have had monitoring completed in fiscal

year 2025. However, there were no site visits or desk reviews completed in fiscal year 2025. Further, the Division's tracking worksheet indicates that there are 26 subrecipients that have not been monitored in over 5 years and another 5 subrecipients that have not been monitored in over 10 years.

In addition, the Division did not have support documentation for 1 of 14 (7 percent) of the pre-award risk assessment completed.

Cause: There were challenges with staff turnover, budget holdbacks, and changes to the grant management system that strained the resources available to complete the subrecipient monitoring. However, the Division has not implemented appropriate procedures to ensure monitoring is completed at a sufficient level to be compliant with federal program requirements.

In addition, the Division's procedures failed to provide the guidance or emphasis to ensure pre-award risk assessment forms are completed and retained for each subrecipient as part of the monitoring requirements.

Effect: Monitoring of subrecipients is a critical requirement in accepting federal funds and ensuring that those funds are spent in compliance with allowable costs and other federal guidelines provided by the grantor. Lack of monitoring increases the risk that subrecipients may not comply with federal statues, regulations, and grant terms. Completing no reviews in a fiscal year creates a significant backlog and overdue burden on future fiscal years to sufficiently monitor all subrecipients within the 5-year period of time.

Recommendation: We recommend that the Division implement appropriate procedures to ensure that site visits and desk reviews are completed based on the appropriate level of risk assessed for every subrecipient within the 5-year period of time.

We further recommend that the Division implement controls to ensure that subrecipient pre-award risk assessments are completed and retained for each subrecipient award.

Management's View: *The agency agrees with the issue identified.*

Limited formal monitoring occurred in FY 25. IOEM does have evidence of extensive subrecipient communication regarding project eligibility, allocability and allowability through email correspondence, grants management system records, meetings and discussions. IOEM monitoring activity was strained in FY 25 due to FEMA reimbursement delays, federal government shutdown (during which no reimbursements were made), staffing turnover, budget holdbacks and a new grants management system. MilDiv leadership implemented a 'pause' on activities incurring costs during the federal government shutdown and the Division of Financial Management issued the MilDiv a line of credit to continue paying staff during the time when FEMA was not processing reimbursements for grant expenditures. This impacted IOEM as well as county and Tribal emergency management programs.

Corrective Action: *Resolution- IOEM has codified a monitoring protocol, meeting agenda template, and is currently scheduling monitoring for subrecipients identified on the risk assessment tool in September and October 2026. IOEM leadership determined that from Memorial Day to Labor Day no monitoring will take place due to the demands on local emergency management programs during fire season.*

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

IDAHO DEPARTMENT OF PARKS AND RECREATION (Department)

FINDING 2025-224
The Department overstated federal grant expenditures on the Schedule of Expenditures of Federal Awards (SEFA) closing package.

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Type of Finding: Significant Deficiency, SEFA Misstatement

Assistance Listing Title: American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Fund
Assistance Listing Number: 21.027
Federal Award Number: 340ARPASLFRF23; 340ARPASLFRF24
Program Year: March 3, 2021 – December 31, 2024
Federal Agency: Department of the 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), 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 Department overstated the federal grant expenditures for the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) on the SEFA closing package. The total fiscal year 2025 expenditures reported for the CSLFRF were $30,784,715, which incorrectly included $2,761,004 of expenditures from fiscal year 2024.

Cause: In fiscal year 2024, the State implemented a new statewide accounting system, Luma. The implementation of Luma caused many procedures to change from those used in the prior system.

In March 2024, the Department contacted the Office of the State Treasurer (Treasurer) to make a wire transfer for a $2.5 million land purchase. The Department believed that the Treasurer would make an entry for the transfer or contact the Office of the State Controller (Controller) to make an entry for the transfer as would have occurred in the prior statewide accounting system; however, the entry was not made.

The Department recognized that the land sale entry had not been recorded in Luma. Over the course of the next several months, the Department had multiple communications with the Treasurer and the Controller to determine the correct method of recording the transaction. The land purchase occurred in fiscal year 2024; however, the expenditure was not recorded in Luma until fiscal year 2025 and was improperly reported as an expenditure in fiscal year 2025 on its closing SEFA package. The Department staff indicated that they were unaware of a mechanism to retroactively report fiscal year 2024 expenditures.

The other expenditures in the overstated amount were expenditure invoices entered into Luma in June 2024 that were not approved and released until July 2025.

Effect: The Department originally reported fiscal year 2025 CSLFRF expenditures of $30,784,715. The original amount was overstated by $2,761,004. The correct amount that should have been reported was $28,023,711. This error was not corrected in the statewide SEFA. The $2,761,004 was incorrectly excluded from the fiscal year 2024 SEFA causing an understatement.

Recommendation: We recommend that the Department 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.

Management's View: *The department agrees with the finding and asserts that it was a one-of-a-kind error in the timing of recording of one expenditure transaction. The error went undetected for a few months during the very confusing and difficult Luma transition year. When staff detected the error they believed the expenditure was still required to be reported on a SEFA and the only option available was to report it in FY 2025.*

Corrective Action: *Staff have already completely familiarized themselves with the guidance on "New Requirement for Wire Payment Requests" issued by SCO on October 6, 2025. We are confident that our understanding of these new procedures will prevent any future occurrence.*

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

IDAHO DIVISION OF VOCATIONAL REHABILITATION (Division)

FINDING 2025-225
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: 2024-237

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: H126A230016; H126A240016; H126A250016
Program Year: October 1, 2022 - September 30, 2024; October 1, 2023 - September 30, 2025; October 1, 2024 - September 30, 2025
Federal Agency: Department of Education, Rehabilitation Services Administration
Compliance Requirement: Reporting
Questioned Costs: $9,342,357 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 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 six months. The reports are cumulative and cover the entire grant period through 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 2025 grant period is October 1, 2024, through September 30, 2026.

In State fiscal year 2025, there were 3 grants open – federal fiscal years 2023, 2024, and 2025. 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-17Amount	Luma Amount	Difference
Federal Fiscal Year 2023	9/30/24	$14,635,410	$7,465,827	$7,169,583
Federal Fiscal Year 2024	9/30/24	$9,570,662	$9,102,244	$468,418
Federal Fiscal Year 2024	3/31/25	$18,816,172	$17,716,799	$1,099,373
Federal Fiscal Year 2025	3/31/25	$16,803	$0	$16,803
			TOTAL	**$8,754,177**

Pre-ETS

Grant Year	Report Period End	RSA-17 Amount	Luma Amount	Difference
Federal Fiscal Year 2023	9/30/24	$3,738,844	$3,488,337	$250,507
Federal Fiscal Year 2024	9/30/24	$3,665,907	$3,617,414	$48,493
Federal Fiscal Year 2024	3/31/25	$4,131,587	$3,842,407	$289,180
Federal Fiscal Year 2025	3/31/25	$0	$0	$0
			TOTAL	**$588,180**

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.

The Division stated that the amounts reported on the federal fiscal year 2023 grant for the period ended 9/30/24 were restated based on a forensic audit completed by a contractor and resubmitted to the RSA. The restated amounts are shown in the table above, but the Division could not provide documentation to support the restated amounts.

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.

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: *IDVR agrees that retention of supporting documentation aligned with the RSA-17 report submitted to RSA is necessary to ensure adequate documentation of the completed reports is created and maintained to support the submission.*

Corrective Action: *IDVR has completed significant work to complete restatements of the RSA-17 for FFY2019-2024. These restatements have been accepted by the RSA Fiscal Unit and the reports were updated in RSAMIS by*

RSA after this process was completed in Spring 2026. With the restatement, RSA and IDVR have accepted the data based on an extensive third-party forensic review of IDVR's financial records for these timeframes.

IDVR is currently in the process of submitting the policy, procedures, and internal controls to RSA regarding the federal reporting of the RSA-17 required data elements. The fiscal staff have also worked extensively to ensure all future RSA-17 reports include supporting documentation that have been extracted from Luma and this process has been implemented as of February 2026.

Once RSA approves the IDVR RSA-17 policy, procedures, and internal controls IDVR will adopt, train, and implement these documents as standard practice and will complete all future reports in accordance with the outlined controls and maintain the supporting documentation as outlined in the policy.

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. We will review those improvements that were in place during fiscal year 2026 during the completion of the 2026 Single Audit.

FINDING 2025-226
The Division did not comply with Matching, Level of Effort, and Earmarking requirements for the fiscal year 2023 grant of the Rehabilitation Services -Vocational Rehabilitation Grants to States.

Related to Prior Finding: 2024-238

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: H126A230016; H126A240016; H126A250016
Program Year: October 1, 2022 - September 30, 2024; October 1, 2023 - September 30, 2025; October 1, 2024 - September 30, 2025
Federal Agency: Department of Education, Rehabilitation Services Administration
Compliance Requirement: Matching, Level of Effort, Earmarking
Questioned Costs: Matching $1,092,219 Known; Level of Effort $798,944 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 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.

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 2025 grant period is October 1, 2024, through September 30, 2026. In State fiscal year 2025, there were 3 grants open – federal fiscal years 2023, 2024, and 2025.

The federal fiscal year 2023 grant period was October 1, 2022, to September 30, 2024, and was the only grant period that concluded within State fiscal year 2025. We evaluated the Division's compliance with the matching, level of effort, and earmarking requirements for the fiscal year 2023 grant.

Matching

The Division 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 Division's final RSA-17 report for the federal fiscal year 2023 grant. The Division reported the federal share as $14,635,410 and the State matching expenditures as $4,066,054, which calculated as 21.7 percent of total program expenditures and met 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 year 2023 and the current statewide accounting system (Luma) in State fiscal years 2024 and 2025. Federal expenditures were $16,174,862; and State expenditures were $3,285,476, which calculated as 16.9 percent of total program expenditures and did not meet match requirements. The Division could not provide documentation to support the amounts reported in the RSA-17 report.

The expenditures we were able to verify were the amounts in STARS. To calculate questioned costs we divided the federal expenditures by the federal participation rate of 78.7 percent ($16,174,862 / 0.787 = $20,552,557) and then subtracted the federal expenditures to arrive at the required state participation amount to meet the 21.3% matching requirement ($20,552,557 - $16,174,862 = $4,377,695). We then subtracted the actual state expenditures to arrive at the questioned costs ($4,377,695 - $3,285,476 - $1,092,219).

Level of Effort

Maintenance of effort is one part of the level of effort grant requirements. The federal fiscal year 2023 grant period ended on September 30, 2024. 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 2025, 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 2021 and 2023 grants based on amounts reported on the RSA-17 reports.

RSA-17 Report	RSA-17 Report	
Federal Fiscal Year 2021 Grant Expenditures	**Federal Fiscal Year 2023 Grant Expenditures**	**Difference**
$3,373,052	$4,066,054	$693,002

This analysis found that the Division met level of effort requirements because State spending for the federal fiscal year 2023 grant was $693,002 more than State spending for the federal fiscal year 2021 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 2025-225. We found that the amounts reported for the federal fiscal years 2021 and 2023 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 2021 and 2023 grants based on the amounts recorded in Luma and STARS.

Accounting System	Accounting System	
Federal Fiscal Year 2021 Grant Expenditures (STARS)	**Federal Fiscal Year 2023 Grant Expenditures (Luma and STARS)**	**Difference**
$4,084,420	$3,285,476	($798,944)

In our additional analyses, the Division 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 2021 or 2023 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.

Effect: We did not identify any errors with earmarking requirements; however, reporting errors, especially when corrected, could result in noncompliance in future fiscal years. The noncompliance with the matching and level of effort requirements could result in the RSA reducing the federal grant award to the Division for the federal fiscal year 2026 grant.

Recommendation: We recommend that the Division design and implement procedures to ensure compliance with matching, level of effort, and earmarking requirements.

Management's View: *The agency agrees with this finding. It is closely related to the historical reporting issues identified through the forensic review and restatement process described above.*

Corrective Action: *IDVR has completed significant work to increase internal controls through the development of policies, procedures, and internal controls included in IDVR's Grants Management Manual. RSA has approved several of the policies, procedures, and internal controls as they relate to these processes to ensure adequate SLT level planning and decision making is occurring and documentation is available to support the grants Matching, Maintenance of Efforts, and obligation requirements. Further GMM chapters related to this finding will be re-submitted to RSA for approval with IDVR's next CAP submission due 10/30/2026. Once policies are approved by RSA for implementation they will be finalized, trained, and implemented by IDVR.*

To strengthen compliance moving forward as these areas are assessed at the State level, IDVR and ICBVI have also increased the frequency of collaborative financial planning meetings from bi-monthly to monthly, with notes taken, as of September 2026 as these three elements are reported and assessed at the statewide level.

In addition, the IDVR Strategic Leadership Team conducts at least monthly reviews of matching, MOE, and Pre-ETS spending to assess progress, identify potential risks, and implement timely corrective measures when necessary and maintains agendas of these meetings to assure record retention for these reviews and decision points as of August 2026. These monitoring activities will continue as implemented and are intended to ensure more proactive management of federal fiscal requirements and reduce the likelihood of future compliance concerns in these areas.

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. We will review those improvements that were in place during fiscal year 2026 during the completion of the 2026 Single Audit.

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

FINDING 2025-227
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: 2024-239

Type of Finding: Material Weakness

Assistance Listing Title: Rehabilitation Services - Vocational Rehabilitation Grants to States
Assistance Listing Number: 84.126
Federal Award Number: H126A230016; H126A240016; H126A250016
Program Year: October 1, 2022 - September 30, 2024; October 1, 2023 - September 30, 2025; October 1, 2024 - September 30, 2025
Federal Agency: Department of Education, Rehabilitation Services Administration
Compliance Requirement: Period of Performance
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 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 2025 grant period is October 1, 2024, through September 30, 2026. In State fiscal year 2025, there were 3 grants open – federal fiscal years 2023, 2024, and 2025.

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 2025. 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, likely contributing to internal controls not being properly executed. Current staff was unable to locate documentation to verify controls were in place and operating.

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 are not linked to the correct grant codes in Luma. Although we did not identify specific period of performance errors, 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.

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 agency agrees with this finding. IDVR acknowledges that the controls during the audit period were insufficient to ensure expenditures were consistently allocated to the correct federal award period.*

Corrective Action: *Since November 2025, IDVR has implemented a comprehensive period-of-performance review process designed to ensure compliance with federal grant requirements. As part of this process, the Strategic Leadership Team reviews and determines when obligations should transition between federal fiscal year awards. Based on this direction, IDVR Data Manager updates system configurations and budget parameters within the AWARE case management system to ensure expenditures are assigned to the correct federal award.*

In addition, IDVR implemented a testing process in which the Data Manager and Program Analyst verify that expenditures are coding appropriately following budget updates. IDVR has also incorporated period-of-performance reviews into its quality assurance and compliance review process for case service expenditures. Invoice batches are reviewed before liquidation, or reimbursement requests are submitted to ensure expenditures are allocated to the proper grant award.

These reviews are conducted by Quality Assurance and Compliance Analysts, Financial Specialists, the Financial Officer, and, when appropriate, Agency leadership, including the Deputy Administrator and Administrator. Through these layered review processes, IDVR has established documented internal controls designed to ensure compliance with period-of-performance requirements and has successfully utilized these controls since implementation as evidenced by approved RSA reimbursements of expenditures based upon both period of performance and allowability reviews completed by RSA on all expenditures reimbursed as required under route payment that IDVR has been engaged in with RSA since October 2024.

IDVR is in the process of obtaining approval from RSA within drafted Grant's Management Chapters for the policies, procedures and internal controls related to assurances of proper grant assignment based upon period of performance. Once approval is provided, IDVR will finalize, implement, and train on the approved policies, procedures, and internal controls that align with processes already in practice as of November 2025.

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. We will review those improvements that were in place during fiscal year 2026 during the completion of the 2026 Single Audit.

FINDING 2025-228
The Division is not following Idaho Administrative Rules for Purchasing as required.

Related to Prior Finding: 2024-240

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: H126A230016; H126A240016; H126A250016
Program Year: October 1, 2022 - September 30, 2024; October 1, 2023 - September 30, 2025; October 1, 2024 - September 30, 2025
Federal Agency: Department of Education, Rehabilitation Services Administration
Compliance Requirement: Procurement, Suspension, and Debarment
Questioned Costs: $51,400 Known; $442,200 Projected

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.
> - 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 50 vendors that were paid more than $25,000 in fiscal year 2025 by the Division. The total value of that population was $6,512,395. We identified one vendor that received total payments large enough to be considered individually significant based on materiality. We reviewed that vendor and selected a random sample of 5 vendors from the remaining 49 vendors in our population to arrive at a total testing group of 6 vendors. We evaluated internal controls to determine if they were in place and effective and also assessed if the Division was in compliance with procurement policies.

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.

Our testing found that the Division could not provide evidence that the review and approval occurred for 1 of the 5 (or 20 percent) of the randomly sampled vendors and could not provide documentation to show that State procurement policies were followed for that vendor.

Cause: The Division misunderstood several critical 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 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. Projected questioned costs were determined using the calculation: (Dollar Value of the Sampling Population/ Total Dollar Value of the Items Sampled) X Dollar Value of Questioned Costs Identified in Sample = ($4,936,396/ $573,792) X $51,400 = $442,200.

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 internal controls were operating as intended.

Management's View: The agency agrees with this finding. *IDVR acknowledges that procurement practices during the audit period did not fully align with state procurement requirements.*

Corrective Action: *IDVR has worked directly with the Division of Purchasing to revise IDVR procurement-related Policy Directive and is currently finalizing updates to align Agency procedures with state procurement requirements. Additionally, IDVR has developed draft procurement policies, procedures, and internal controls designed to strengthen compliance with both state and federal requirements. These materials have been reviewed with the Vocational Rehabilitation Technical Assistance Center and are currently undergoing RSA review.*

While awaiting final approval, IDVR has already begun strengthening procurement oversight and monitoring practices. Upon completion of the review process, IDVR will conduct agency-wide training and formally implement the updated policies and procedures. Additionally, IDVR will be developing monitoring dashboards that will provide leadership with enhanced visibility into purchasing activity and spending thresholds to support ongoing compliance with procurement requirements.

These efforts reflect IDVR's commitment to establishing sustainable procurement controls that not only address the finding but also enhance transparency and accountability in purchasing activities.

IDVR has also developed contracts for CRP services for both the General and Pre-ETS programs that have been approved by RSA for implementation. The Division is currently working on rolling out new CRP contracts with anticipated start date of 02/01/2027 to assure compliance with contracts for procurements for these services that are anticipated to exceed the $150,000 each state fiscal year and would not be covered under the updated policy directive due to this anticipated annual spend based on historical spending analysis for these services.

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. We will review those improvements that were in place during fiscal year 2026 during the completion of the 2026 Single Audit.

FINDING 2025-229
The Division did not verify that vendors were not suspended or debarred prior to making federal grant payments.

Related to Prior Finding: 2024-241

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: H126A230016; H126A240016; H126A250016
Program Year: October 1, 2022 - September 30, 2024; October 1, 2023 - September 30, 2025; October 1, 2024 - September 30, 2025
Federal Agency: Department of Education, Rehabilitation Services Administration
Compliance Requirement: Procurement, 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 (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria.

Condition: We identified 50 vendors that the Division paid more than $25,000 in total expenditures in fiscal year 2025. The total value of that population was $6,512,395. We identified one vendor that received total payments large enough to be considered individually significant, based on materiality. We reviewed that vendor and selected a random sample of 5 vendors from the remaining 49 vendors in our population to arrive at a total testing group of 6 vendors.

The Division relies on appropriate personnel reviewing the documents that support verification that the vendor is not suspended or disbarred and indicates approval by e-mail as its primary internal control to ensure compliance with federal regulations.

Our testing found that the Division could not provide the documentation to show that the review and approval occurred for any of the 6 (100 percent) vendors tested.

Cause: The Division did not have procedures in place to retain documentation showing the suspension and debarment reviews were completed, reviewed, and approved for new vendors. 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 disbarred 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 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 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 agency agrees with this finding. *IDVR acknowledges that it did not maintain documented processes to verify suspension and debarment status before certain federally funded transactions during the audit period.*

Corrective Action: *IDVR implemented additional agency-level procedures in Spring 2026 to strengthen compliance with federal suspension and debarment requirements.*

Under the enhanced process, the Financial Team conducts and documents quarterly reviews of vendors whose cumulative payments may meet or exceed applicable federal thresholds during that quarter to ensure at least annual review of vendors paid with federal funds for potential suspension or debarment since the last review. Additionally,

IDVR's Contract Specialist performs suspension and debarment verification reviews prior to execution of contracts expected to exceed federal threshold requirements.

IDVR has also developed procurement and suspension/debarment policies that are currently under RSA review. Once approved, those policies will be finalized, adopted, and incorporated into Agency training. Importantly, the core review processes outlined in those policies have already been implemented, and the forthcoming policy adoption will formalize and document practices that are presently being utilized.

Auditor's Concluding Remarks: We thank the Division for its cooperation and assistance throughout the audit. We will review those improvements that were in place during fiscal year 2026 during the completion of the 2026 Single Audit.

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

MANAGEMENT'S BASIC FINANCIAL STATEMENTS FINDINGS CORRECTIVE ACTION PLAN

STATE OF IDAHO
CONTROLLER'S OFFICE
BRANDON D WOOLF

Corrective Action Plan - ACFR
For the Fiscal Year Ended June 30, 2025

Idaho Department of Administration

Finding 2025-101:
The Department entered incorrect in-service dates for nine capital assets causing Capital Assets, Net of Depreciation to be overstated by $10,724,635 on the Annual Comprehensive Financial Report (ACFR).

Related to Prior Finding:
N/A

Agency's view:
The agency disagrees with the finding.

Corrective Action Plan:
The in-service date proposed in the letter attributes depreciation to the Department prior to the transfer of the asset itself to the department.

Corrective action will include full review of transfer documents in cooperation with LSO and SCO to determine appropriate dates and values for the assets to include any additions, capitalized interest, and accumulated depreciation. Admin will also work with SCO to develop or update training guides in conjunction with the documented procedure for recording such transfers in LUMA.

Anticipated Corrective Action Date:
Pending receipt of final transfer documents from ISBA to the Department, resolution for the specified assets should be completed in FY2026. Procedures to add assets to LUMA have been updated and will be used for all future acquisitions.

Responsible for Corrective Action: Name: Glenda Smith
Title: Financial Officer
Phone: (208) 332-1815
Email: glenda.smith@adm.idaho.gov

Office of the State Controller

Finding 2025-102:

The Office did not complete reconciliations by fund for fiscal years 2024 or 2025 resulting in unverified pooled cash and cash equivalent amounts on the financial statements.

Related to Prior Finding:
2024-100

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:
The Office has developed a sustainable and effective cash reconciliation and has finished the reconciliation for fiscal years 2024 and 2025, as well as 2026 up to the month that is available.

Anticipated Corrective Action Date:
The State Controller's Office anticipates completing the corrective actions for the June 30, 2026, 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 2025-103:
The Office's internal review failed to prevent misstatements on the Federal Stimulus fund on the Governmental Funds balance sheet.

Related to Prior Finding:
N/A

Agency's view:
The State Controller's Office agrees with this finding.

Corrective Action Plan:
The Office has met and worked with the Division of Financial Management to ensure that the correct amounts are being reported. The process has been added to the instructions as well.

Anticipated Corrective Action Date:
The State Controller's Office will complete the corrective actions for the June 30, 2026, 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 2025-104:
Inappropriate classification of transfers and intrafund activity caused multiple misstatements on the ACFR.

Related to Prior Finding:
N/A

Agency's view:
The State Controller's Office agrees with this finding.

Corrective Action Plan:
The process of how we pull data into the statements was updated to present as revenue and expenses, rather than transfers. Due to this change, the process had to once again be looked at and adjusted. We have determined the best process for the adjustments and have updated the instructions to ensure proper classification.

Anticipated Corrective Action Date:
The State Controller's Office will complete the corrective actions for the June 30, 2026, 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 2025-105:
Long-term liability and contractual commitment disclosures were significantly misstated on the ACFR.

Related to Prior Finding:
N/A

Agency's view:
The State Controller's Office agrees with this finding.

Corrective Action Plan:
The team will utilize tracking sheets to ensure that all miscellaneous questions are reviewed for each task. We will attach the documentation in Wdesk for review.

Anticipated Corrective Action Date:
The State Controller's Office will complete the corrective actions for the June 30, 2026, 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 2025-106:
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:
2024-105

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:
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. We have scheduled and will train the team on how to review and what to look for to ensure the review process is complete and accurate. We have switched which team members do tasks, to help with reviewing tasks that they are familiar with. 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.

Anticipated Corrective Action Date:
The State Controller's Office will complete the corrective actions for the June 30, 2026, 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 2025-107:
The Office's inadequate data reconciliation process established during the audit period continues to allow duplicate payments to occur.

Related to Prior Finding:
2024-106

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 has implemented these corrective actions for the June 30, 2026 reporting period.

Responsible for Corrective Action: Name: Patrick Hodges
Title: Deputy Controller, Division of Accounting
Phone: (208) 334-3100
Email: phodges@sco.idaho.gov

Finding 2025-108:
Incomplete review of existing interfaces increases the risk of errors occurring and going undetected.

Related to Prior Finding:
N/A

Agency's view:
The State Controller's Office agrees with this finding.

Corrective Action Plan:
The Office has reviewed 240 out of 253 interfaces and has the remaining 13 in progress.

Anticipated Corrective Action Date:
The State Controller's Office will complete the corrective actions July 31, 2026.

Responsible for Corrective Action: Name: Patrick Hodges
Title: Deputy Controller, Division of Accounting
Phone: (208) 334-3100
Email: phodges@sco.idaho.gov

Finding 2025-109:
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:

2024-107

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 has developed 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 by December 31, 2026.

Responsible for Corrective Action: Name: Patrick Hodges
Title: Deputy Controller, Division of Accounting
Phone: (208) 334-3100
Email: phodges@sco.idaho.gov

Idaho Department of Correction

Finding 2025-110:
The Department did not record two capital assets valued at $35,698,085 in the statewide accounting system, Luma.

Related to Prior Finding:
N/A

Agency's view:
The agency agrees with this finding.

Corrective Action Plan:
The corrective action plan being implemented is that when a major asset (IE buildings) is purchased or acquired, communication will be made with both Division of Public Works and Idaho State Building Authority for supporting documentation and value of asset.

Anticipated Corrective Action Date:
Immediately implemented

Responsible for Corrective Action: Name: Dan Hansen
Title: Financial Officer
Phone: (208) 658-2107
Email: danhanse@idoc.idaho.gov

Finding 2025-111:

The Department recorded budgeted amounts as capital assets instead of actual expenditures resulting in an overstatement of $570,721.

Related to Prior Finding:
N/A

Agency's view:
The agency agrees with this finding.

Corrective Action Plan:
The corrective action plan being implemented is that when a major asset (IE buildings) is purchased or acquired, communication will be made with Division of Public Works for supporting documentation and value of asset. Once received, paperwork will be reviewed by 2nd level approver before submission.

Anticipated Corrective Action Date:
Immediately implemented

Responsible for Corrective Action: Name: Dan Hansen
Title: Financial Officer
Phone: (208) 658-2107
Email: danhanse@idoc.idaho.gov

Idaho Department of Environmental Quality

Finding 2025-112:
The Department was unable to reconcile the Loans and Notes Receivable ending balance between the Department's Loan & Grant Tracking System (LGTS) and the State's accounting system, LUMA, for the Clean Water and Drinking Water State Revolving funds, resulting in incorrected reported balances.

Related to Prior Finding:
2024-111

Agency's view:
The agency agrees with this finding.

Corrective Action Plan:
The Department will perform a reconciliation of LGTS and Luma on a semi-annual basis, beginning with the fourth quarter of FY2026, to ensure accurate and complete financial reporting. The Department will use the reconciled and verified data to prepare closing packages.

Anticipated Corrective Action Date:
September 30, 2026

Responsible for Corrective Action: Name: Linda Brown
Title: Financial Executive Officer
Phone: (208) 373-0292
Email: Linda.brown@deq.idaho.gov

Idaho Division of Financial Management

Finding 2025-113:
The Division's internal review failed to prevent a material misstatement on the Grants Advances closing package for the American Rescue Plan Act (ARPA) funds.

Related to Prior Finding:
2024-113

Agency's view:
Management agrees with the recommendation and generally agrees that improvements to the preparation and review process for the Form 15B – Grants Advances closing package are warranted.

Corrective Action Plan:
The Division acknowledges that the methodology used to prepare the FY 2025 Form 15B closing package resulted in amounts being included that did not meet the intended reporting definition of grant advances for Annual Comprehensive Financial Report (ACFR) purposes. Specifically, the preparation process relied on Fund 0344 cash activity that included transactions requiring additional analysis and exclusion from the closing package, including interest earnings and other activity not representative of grant advances.

Management notes that the issue identified was related to the methodology and review process used in preparing the closing package rather than the accuracy of the Division's underlying accounting records, cash balances, expenditures, or federal grant reporting. The Division worked collaboratively with the Office of the State Controller and the auditors, both prior to and during the audit process, to identify, analyze, and correct the reported amounts.

The Division further notes that the finding did not result from inaccurate cash balances, missing funds, unsupported expenditures, or errors in the State's accounting records. The issue identified relates to the classification and reporting of certain transactions for ACFR reporting purposes and not to the existence, valuation, or accuracy of the underlying cash balances. The amounts identified in the finding resulted from the inclusion of transactions recorded within the fund that did not meet the reporting definition of grant advances rather than inaccuracies in the State's accounting records or cash management processes.

The Division further notes that ARPA funding and grant advance reporting involve unique and complex reporting requirements. Management believes the primary control deficiency was the absence of sufficiently documented procedures, reconciliation requirements, and review controls governing the preparation of the closing package. Additional documentation and

review procedures would have better ensured that only transactions meeting the reporting definition of grant advances were included in the reported balances.

To strengthen controls over future financial reporting, the Division has implemented and will continue to implement the following corrective actions:

1. Develop and document formal procedures for the preparation of the Form 15B – Grants Advances closing package, including specific criteria for identifying transactions that qualify as grant advances and those that should be excluded.
2. Establish a formal reconciliation process that ties beginning balances to prior-year audited ending balances and documents all reconciling items.
3. Develop supporting schedules for all additions, reductions, and adjustments included in the reported grant advance balance and retain documentation supporting each reported amount.
4. Implement an enhanced supervisory review process requiring independent review and approval of the methodology, reconciliations, supporting schedules, and final reported balances prior to submission to the Office of the State Controller.
5. Provide periodic training and guidance to staff responsible for statewide financial reporting to ensure consistent application of GAAP reporting requirements and statewide closing instructions.

Several of these corrective actions have already been implemented as part of the FY 2026 reporting cycle, and the Division will continue to evaluate and strengthen its review procedures to ensure the accuracy and reliability of future closing package submissions.

Management believes these corrective actions will strengthen internal controls over financial reporting and improve the accuracy, consistency, and reliability of information submitted for inclusion in the State's Annual Comprehensive Financial Report.

Anticipated Corrective Action Date:
Implemented for FY 2026 closing package preparation and ongoing thereafter

Responsible for Corrective Action: Name: Justin Collins
Title: State Financial Officer
Phone: (208) 334-3063
Email: Justin.collins@dfm.idaho.gov

Idaho State Treasurer's Office

Finding 2025-114:
The State Treasurer's Office does not have procedures in place to comply with its investment policies that state monthly distributions will be calculated from the figures provided by TATRS and reconciled against third-party information.

Related to Prior Finding: 2024-118

Agency's view:
The State Treasurer's Office (STO) concurs with the Legislative Audits Division finding and the cause it identified which states:

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.

STO has worked with the State Controller's Office (SCO) to address this issue and has even tried using Luma data for Idle interest distributions after identifying interface issues. However, the State Controller's Office failure to anticipate the need for reliable reporting, and the inability to identify and extract data from Luma to provide the Treasurer's Accounting Transaction and Reporting System (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 are reconciliation challenges at the fund accounting level, the STO has been able to consistently reconcile accounting transactions to bank account transactions.

Corrective Action Plan:
State monthly distributions will be calculated from the figures provided by the Treasurer's Accounting Transaction and Reporting System (TATRS) and reconciled against third-party information:

The State Treasurer's Office (STO) is actively working with the State Controller's Office (SCO) to develop and implement a reliable fund-level reconciliation process between TATRS and Luma. Progress has been made during FY 2026, and reconciliations for FY 2024 and FY 2025 are nearing completion. Both STO and SCO will continue to work together until a timely monthly reconciliation is in place.

Anticipated Corrective Action Date:
The anticipated completion date is July 1, 2027. The process for monthly reconciliations may be in place prior to that date, but the transition back to using TATRS as the system for monthly distributions is planned for the beginning of the fiscal year.

Responsible for Corrective Action: Name: Laura Steffler
Title: 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, 2025

MANAGEMENT'S FEDERAL FINDINGS CORRECTIVE ACTION PLAN

STATE OF IDAHO
CONTROLLER'S OFFICE
BRANDON D WOOLF

Corrective Action Plan - Single Audit
For the fiscal year ended June 30, 2025

Idaho Commission on Aging

Finding Number 2025-201: The Commission did not include administrative costs in required reports for the Federal Funding and Accountability Transparency Act (FFATA). Additionally, the Commission did not have any documentation to support adequate controls over FFATA reporting.

Federal Programs:

93.044 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045 - Special Programs for the Aging, Title III, Part C, Nutrition Services

Related to Prior Finding: N/A

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

Corrective Action: The Commission acknowledges that the sub-award amounts reported under ALNs 93.044, 93.045, and 93.053 did not include all allocable administrative costs for the subrecipient tested. We have taken the following corrective actions, all of which were implemented during the audit following identification of this issue:

1. Revised FFATA Sub-Award Reports - The Commission revised the affected FFATA subaward reports in SAM.gov to include the administrative costs allocable to each of the three tested ALNs for the sub-recipient identified in the finding. The revised reports were provided to LSO for review on 06/18/2026.
2. Revised FFATA Reporting Policy Implemented: The Commission developed a documented policy governing FFATA sub-award data entry, review, and approval. The policy establishes the following:
    - The Financial Technician is responsible for entering all FFATA sub-award data and must confirm that reported amounts include direct program costs and administrative costs allocable to the sub-award.
    - The Financial Specialist Senior is required to review all FFATA entries for accuracy and completeness. The Financial Specialist will document their review. This step is the specific control that was absent during the audit period.
    - Documentation of each review and approval must be retained.

Anticipated Corrective Action Date: The Commission issued a memorandum to LSO on 06/18/2026 identifying the revisions made to the FFATA reports and providing the policy. That memorandum is incorporated by reference into this response. This finding and corrective action is completed.

Responsible for Corrective Action: Vicki Yanzuk, Operations Manager
Vicki.yanzuk@aging.idaho.gov
208-577-2847

Finding Number 2025-202: The Commission did not complete required SF-425 reports for the Aging Cluster in a timely manner.

Federal Programs:

93.044 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045 - Special Programs for the Aging, Title III, Part C, Nutrition Services
93.053 - Nutrition Services Incentive Program

Related to Prior Finding: N/A

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

Corrective Action: At the time of the audit period, the Commission was still working to complete Aging Cluster SF-425 Federal Financial Reports. Several operational challenges contributed to delays, including fiscal staffing transitions and state software system implementation. The Commission has now fully corrected this issue. All past-due SF-425 reports were reviewed, finalized, and submitted, bringing the agency fully current on Aging Cluster federal financial reporting requirements.

Anticipated Corrective Action Date: The Commission completed required SF-425 reports in a timely manner in SFY 2026. All outstanding SF-425 reports were completed and submitted by January 31, 2026, marking the date of full corrective action implementation.

Responsible for Corrective Action: Vicki Yanzuk, Operations Manager
Vicki.yanzuk@aging.idaho.gov
(208) 577-2847

Idaho Commission for the Blind and Visually Impaired

Finding Number 2025-203: The Commission did not comply with federal matching, level of effort and earmarking grant requirements for the Rehabilitation Services-Vocational Rehabilitation Grants to State program.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: 2024-200

Agency's view: The agency agrees with the finding as we were using the cost allocation plan which changes the numbers from the ones used by the audit team and found from Luma (the state accounting system).

Corrective Action:

Corrective Action Objectives:

- Achieve and maintain full compliance with federal matching, level of effort, and earmarking requirements.
- Establish durable internal controls that prevent or promptly detect errors.
- Ensure all compliance activities are properly documented, retained, and independently reviewable.
- Train and support staff to understand compliance responsibilities and execute them consistently.

Actions To Be Taken:

- Implemented monthly compliance monitoring, including:
    - Match reconciliation comparing required vs. actual non-federal contributions
    - Review of earmarked funds to ensure required percentages are met.
- Standardized documentation templates:
    - Match tracking worksheets
    - Earmark compliance ledger
- Introduce a transaction sampling audit each quarter to validate documentation completeness and accuracy.
- Establish a centralized compliance records repository.
- Mandatory training covering matching requirements, MoE, earmarking rules, and documentation expectations. We are currently receiving intensive technical assistance from the VRTAC. This will include initial training for all program and fiscal staff.
- Establish an annual internal audit focused on RSA compliance.
- Establishing semi-annual briefings to the leadership team summarizing compliance status and corrective measures.

Conclusion:

This Corrective Action Plan strengthens the Commission's internal controls, enhances documentation, and ensures compliance with federal matching, level of effort, and earmarking

requirements. Implementation of these measures will improve accountability, reduce risk, and support ongoing program integrity.

Anticipated Corrective Action Date: December 30, 2026

Responsible for Corrective Action: Corey Bresina, Administrative Services Manager
cbresina@icbvi.idaho.gov
(208) 334-3220

Finding Number 2025-204: Multiple errors were identified in the amounts reported on the Rehabilitation Services Administration reports required for the Rehabilitation Services-Vocational Rehabilitation Grants to states.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: 2024-201

Agency's view: The agency agrees with the finding as we were using the cost allocation plan which changes the numbers from the ones used by the audit team and found from Luma (the state accounting system).

Corrective Action:

Corrective Action Objectives:

- Ensure that future RSA reports are complete, accurate, consistent, and fully supported by documentation.
- Establish and implement clear, standardized reporting procedures.
- Retain documentation necessary to justify all reported amounts.
- Identify and correct errors in previously submitted reports and communicate corrections to RSA.
- Strengthen staff competencies and ensure adequate staffing levels to support proper grant reporting.

Actions To Be Taken:

- Form a Reporting Review Team comprising program, fiscal, and data analysts to review reports prior to submission.
- Develop standardized RSA Reporting Procedures, including:
    - Step-by-step instructions for preparing RSA-17.
    - Required supporting documentation for each line item.

    - Definitions of allowable expenditures and required classifications.
    - Review and approval workflows.
- Established a double-verification process, requiring two qualified staff members to independently verify all numeric entries prior to submission.
- Implement a centralized documentation repository for financial records, worksheets, cost allocation documents, and reconciliation statements.
- Establish a mandatory documentation checklist that must be completed before a report can be sent for approval.
- Create standardized reconciliation templates tying reported amounts directly to the general ledger or supporting program records.
- Complete a retrospective review of all RSA submissions for the necessary reports.
- Identify inaccuracies, variances, and documentation gaps.
- Develop corrected versions of each affected report.
- Prepared a formal communication package for RSA including:
    - Corrected reports
    - Explanation of errors
    - Documentation supporting corrected amounts

Conclusion:

This Corrective Action Plan establishes a comprehensive strategy to resolve reporting errors, strengthen documentation practices, and prevent future inaccuracies in RSA federal grant reporting. Through strengthened controls, trained staff, and rigorous review processes, the Commission will ensure ongoing compliance and improved accountability.

Anticipated Corrective Action Date: October 30, 2026

Responsible for Corrective Action: Corey Bresina, Administrative Services Manager
cbresina@icbvi.idaho.gov
(208) 334-3220

Finding Number 2025-205: The Cost Allocation Plan (CAP) used in fiscal year 2025 was not approved by the RSA as required and contained multiple errors.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: 2024-202

Agency's view: The agency agrees with the finding as we were using the cost allocation plan which was originally approved by RSA but needed to be updated when the state changed to a new accounting system (Luma). The updated plan was submitted to the Indirect Cost Division with the Department of Education in January of 2026. After conversations with both RSA and the VRTAC we withdrew our submission in September of 2026 when the Department of Education began their evaluation of the new plan. It was determined that we will negotiate an indirect cost rate rather than use the updated Cost Allocation Plan.

Corrective Action: Based on conversations with the Indirect Cost Division, RSA, the state audit team, and the VR TAC team we determined it would be best for the agency to work with the Indirect Cost Division to establish an indirect cost rate. Switching from using the Cost Allocation Plan that we had been using for 16 years, abruptly, to a 15% indirect cost rate April 1, 2026 created multiple hurdles and changes that we have been trying to overcome with the help of the VR TAC team's intensive assistance. We are in the process of creating a system that will address the errors that were found by the state auditors. The Indirect Cost Division states that we need to begin the new plan July 1, 2027. They have provided us with a template, and we will complete that and work with them to ensure this rate is ready to begin using July 1, 2027. Previously, annually, we submitted a document by email to the Indirect Cost Division indicating that we were re-certifying the same Cost Allocation Plan. We did not receive responses, and we took that to mean it was okay to continue using the same plan each year. From 2021-2025 this was done and there was one year it was submitted later than when we typically (October 1) sent it. In the meeting with the Indirect Cost Division, Andre Hylton, told us that once our indirect rate was established, it would be approved for two years and then after review, it would be on a 5 year review schedule.

Anticipated Corrective Action Date: We anticipate the template to be completed by January 15, 2027 and to begin using the new rate July 1, 2027.

Responsible for Corrective Action: Corey Bresina, Administrative Services Manager
cbresina@icbvi.idaho.gov
(208) 334-3220

Finding Number 2025-206: 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.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: 2024-203

Agency's view: The agency agrees with the finding. However, we have since corrected this finding, as it was found on the previous year's audit.

Corrective Action: In December of 2025, we received training from the Department of Purchasing. Based on that training ICBVI's management team worked with DOP to create contracts for current and future purchases. ICBVI asked Laura Cortazar to take the lead on the development of contracts for the agency. ICBVI created a procurement checklist and documentation template, which was added to internal controls to support purchases subject to state policy. In August of 2026, all staff who make any purchases were trained using the new guidelines, which ensure compliance with state procurement requirements. In

addition, ICBVI worked with DOP's process to request purchasing exemptions for working with community rehabilitation programs, universities and with a temporary staffing agency. ICBVI understands the state thresholds and has processes in place for creating contracts when needed. ICBVI believes this finding is ready to be closed.

Anticipated Corrective Action Date: August 2026

Responsible for Corrective Action: Laura Cortazar, Financial Technician
lcortazar@icbvi.idaho.gov
(208) 334-3220

Finding Number 2025-207: The Commission did not verify that vendors were not suspended or debarred prior to making federal grant payments.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: 2024-204

Agency's view: The Commission agrees with this finding. ICBVI recognizes the absence of vendor suspension/debarment verifications prior to payment.

Corrective Action:

- Verification Process: Procedures were 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. Laura Corazar checks that the vendor is not debarred and saves the screenshot demonstrating this. Corey Bresina will review and initial that this has been verified. Procedure as follows:

Procedure: Vendor Exclusion Verification – SAM.gov
Document Owner: Accounting Department
Effective Date: December 1, 2025
Review Cycle: Annually, with quarterly vendor reviews
Applicable Regulations: 2 CFR Part 180; 2 CFR Part 200, Subpart C, Appendix I

Objective:
This procedure establishes the steps for verifying that vendors, contractors, and subrecipients are not suspended, debarred, or otherwise excluded from participation in federally funded programs, in accordance with 2 CFR Part 180. It ensures federal funds are awarded only to responsible parties and provides a documented audit trail for compliance purposes.

Scope:
These requirements apply to all personnel involved in:
- Procurement activities funded as a whole or in part with federal funds
- Issuing subawards, contracts, or purchase orders under federal programs

- Vendor selection, onboarding, and monitoring
- Grant administration and compliance oversight

All employees responsible for these functions must follow this procedure.

Responsibilities:

- All staff involved in procurement, grant management, or vendor selection must perform and document SAM.gov checks. This ensures we remain compliant with 2 CFR Part 180 and protect all federal funds entrusted to our organization.

Procedure Steps:

- Vendor Identification
  Gather vendor information: legal name, UEI, CAGE code, and relevant location details.
- SAM.gov Exclusion Search
  Navigate to SAM.gov
  Click Search Records
  Select Exclusions under the Domain filter
  Enter vendor identifiers (Name, UEI, CAGE code, or other applicable criteria)
  Click Search to retrieve results
- Review Results
  No Results: Vendor is not excluded
  “Entity” (green): Vendor is active and eligible
  “Exclusion” (purple): Vendor is suspended or debarred
  Do not proceed with any transaction
  Escalate to Administrative Services Manager
  Contact the issuing federal agency if clarification is needed.
- Documentation
  Save a PDF or screenshot of the search results
  Record the search and outcome in the Quarterly Vendor Review Log.
- Quarterly Review - All active vendors must be reviewed quarterly for exclusion status, based on federal fiscal year
  Maintain documentation in the designated compliance folder
  Accounting staff verify completion and records adherence.

Recordkeeping:

- Maintain PDF/screenshots of each SAM.gov search
- Maintain completed Quarterly Vendor Review Logs
- Retain records in accordance with federal grant record retention requirements.

Non-Compliance:

Failure to follow this procedure may result in:

- Audit findings
- Repayment of federal funds
- Suspension or termination of federal awards

References:

- 2 CFR Part 180 – Non-Procurement Debarment and Suspension
- 2 CFR Part 200, Subpart C, Appendix II – Contract Provisions for Non-Federal Entities
- SAM.gov Exclusions Database.

Anticipated Corrective Action Date: This was corrected in December 2025

Responsible for Corrective Action: Laura Cortazar, Financial Technician
lcortazar@icbvi.idaho.gov
(208) 334-3220

Idaho Department of Environmental Quality

Finding Number 2025-208: The Department's Indirect Cost Rate Proposal contained multiple errors.

Federal Program: 66.468 - Drinking Water State Revolving Fund

Related to Prior Finding: 2024-212

Agency's view: Due to staff turnover, DEQ agrees that sufficient supporting documentation could not be located to recreate the data and calculations from the initial indirect cost rate proposal (ICRP) packet.

DEQ does not agree with the 'Cause' statement of the Management Letter that says, "documentation to support the modified ICRP was not available at the time of our review." DEQ had the documentation supporting the negotiated rate with the Environmental Protection Agency (EPA). The Legislative Services Office (LSO) Audit Division audited the initial indirect cost rate proposal (ICRP) only, which had errors, but not the final packet that was modified and approved by EPA. The rate used by DEQ for FY25 was reviewed, modified (negotiated) and approved by EPA.

Corrective Action: 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 reached out to our federal oversight agency for assistance and direction with preparing and submitting the indirect cost rate proposal for FY27. We have and are committed to maintaining a file with all supporting documentation used to compile and prepare current and future proposals, as required by 2 CFR 200.

Training and developing staff is an ongoing process, along with following updated federal rules and regulations. DEQ staff worked with the Environmental Protection Agency's Indirect Cost Rate Negotiator to submit the indirect cost rate proposal packet for FY27 and we anticipate significantly reduced errors with the calculations and support for that submittal.

Anticipated Corrective Action Date: December 31, 2026

Responsible for Corrective Action: Linda Brown, Financial Executive Officer
Linda.Brown@deq.idaho.gov
(208) 373-0292

Idaho Division of Financial Management

Finding Number 2025-209: The Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) project and expenditure reports (P&E) contained misstatements.

Federal Program: 21.027 - Coronavirus State and Local Fiscal Recovery Fund

Related to Prior Finding: N/A

Agency's view: The Division agrees with the finding and recognizes that additional controls are needed to ensure CSLFRF Project and Expenditure reports are accurate, fully supported, and more thoroughly reconciled to the State's accounting system before submission. The Division notes that the identified errors were below the program's materiality threshold and did not result in a finding of material noncompliance or a material weakness. The Division also corrects reporting errors when they are identified. However, Treasury's published FAQ and written correspondence (attached) confirm that submitted reports cannot be reopened after the reporting deadline. Because P&E reports are cumulative, any necessary corrections must be reflected in a subsequent reporting period. This required correction process contributed to some of the differences identified during the audit because adjustments related to prior periods were necessarily recorded in later reports. Accordingly, the timing of these adjustments was consistent with Treasury's prescribed reporting process.

Corrective Action: The Division will implement the following corrective actions for all remaining CSLFRF P&E reports:

1. Required agency support. Each administering agency will submit a completed reporting template for every active project. If no activity occurred, the agency must provide documented confirmation of no change. Missing templates will be tracked and escalated before the report is finalized.
2. Reconciliation to Luma. Current and cumulative expenditures and obligations will be reconciled by administering agency to Lumat. All differences will be documented and resolved before submission.
3. Independent detailed review. The review will cover source templates, Luma reconciliations, current and cumulative amounts, prior-period balances, adjustments, and evidence supporting projects reported with no change.
4. Procedures, training, and retention. The Division will document the reporting process, provide training and cross-training to staff involved in CSLFRF reporting, and retain the templates, reconciliations, agency confirmations, review checklist, and final submission support in a centralized reporting file.
5. Correction of prior reporting errors. The Division will correct the identified errors through Treasury's prescribed process. In written email correspondence to Justin Collins, the U.S. Department of the Treasury confirmed: 'Prior submitted reports are not eligible to be re-opened for revisions since the reporting deadline has passed. The SLFRF Project and Expenditure Reports are cumulative reports, and any adjustments needed will need to be made in the next reporting period.' Accordingly, the Division will document and include the necessary adjustments in the next available cumulative P&E report and retain Treasury's email as support for the correction method.

Anticipated Corrective Action Date: January 31, 2027. The revised controls will be applied before submission of the next required quarterly CSLFRF P&E report.

Responsible for Corrective Action: Justin Collins, Deputy Administrator | State Financial Officer
Justin.collins@dfm.idaho.gov
(208) 854-3063

Idaho Department of Health and Welfare

Finding Number 2025-210: The Department did not provide documented support to verify the accuracy of a Low Income Energy Assistance Program (LIHEAP) performance report.

Federal Program: 93.568 - Low-Income Home Energy Assistance

Related to Prior Finding: 2024-230

Agency's view: The agency agrees with the finding.

Corrective Action: The Department has updated a process document that will strengthen our internal controls regarding the LIHEAP performance report. The Department will compile and retain sufficient documentation to support the information included in the LIHEAP Performance report.

Anticipated Corrective Action Date: The process document was updated on September 9, 2026, and will be utilized when completing the upcoming LIHEAP performance report.

Responsible for Corrective Action: Lisa Johnson, Program Manager
Lisa.Johnson@dhw.idaho.gov
(208) 334-5739

Finding Number 2025-211: Federal Funding Accountability and Transparency Act (FFATA) reports were not reviewed prior to submission and were not submitted timely.

Federal Program: 93.568 - Low-Income Home Energy Assistance

Related to Prior Finding: N/A

Agency's view: The agency agrees with the finding.

Corrective Action: The FFATA Data Worksheet, developed by DHW, includes a list of all obligations of federal funds to subgrantees of $30,000 or more that occurred during the prior month. The due date will be added to the FFATA Data Worksheet to draw particular attention to that. The FFATA Data Worksheet is prepared by the Grant Reporting Team Lead, Financial Specialist, Senior, and the Cash and Grants Supervisor, Financial Specialist, Principal, will be responsible for reviewing it to ensure all applicable subgrants are included for the month. Once that review has occurred and any resulting edits have been made, the FFATA Data Worksheet will be returned to the Grant Reporting Team Lead to enter the data in sam.gov. As sam.gov does not offer a "save" function, there is not a presubmission review. The previously discussed review by the Cash and Grants Supervisor is aimed at preventing any noncompliance related to omission of reportable obligations. A final review aimed at detecting and timely correcting any material

misstatements will take place with the Technical Records Specialist completing a data entry review to ensure the data entered into sam.gov agrees with the FFATA Data Worksheet.

A FFATA Report Routing Sheet will also be developed to document the above reviews and approvals. The FFATA Report Routing Sheet will also include the due date as another point of monitoring for timely submission. Completed routing sheets and supporting documentation will be retained in the grant file as evidence that the required review, submission, and verification procedures are performed.

Anticipated Corrective Action Date: January 31, 2027

Responsible for Corrective Action: Randena P. Darpli, CPA, CGFM, Financial Manager
dena.darpli@dhw.idaho.gov
(208) 334-4909

Finding Number 2025-212: A Social Services Block Grant (SSBG) Post-Expenditure Report did not include a review and approval prior to submission.

Federal Program: 93.667 - Social Services Block Grant

Related to Prior Finding: N/A

Agency's view: The agency agrees with the finding.

Corrective Action: The SSBG Post-Expenditure Report has been added to the Department's Grant Log with the applicable due date and will follow the Department's established federal financial reporting review process. Prior to submission, the Grant Reporting Team will prepare the report and supporting workpapers, these include reconciliation of reported expenditures to the underlying financial records and documentation supporting the information reported. The report will be routed to the appropriate supervisor and/or Financial Manager for review and approval before submission. The Report Routing Cover Sheet will document the preparer, reviewer, date of review, approval, and any corrections or follow-up required.

The Cash and Grants Supervisor will monitor the Grant Log to ensure the Post-Expenditure Report is routed, reviewed, approved, and submitted by the required due date. Completed Report Routing Cover Sheets and supporting documentation will be retained with the grant records as evidence that the required review and approval occurred prior to submission. This process will provide a documented review and approval control over the SSBG Post-Expenditure Report and ensure that management has evidence that the report was reviewed for accuracy and completeness before it is submitted.

Anticipated Corrective Action Date: March 31, 2027

Responsible for Corrective Action: Randena P. Darpli, CPA, CGFM, Financial Manager
dena.darpli@dhw.idaho.gov
(208) 334-4909

Finding Number 2025-213: A Social Services Block Grant (SSBG) financial report was not submitted timely.

Federal Program: 93.667 - Social Services Block Grant

Related to Prior Finding: N/A

Agency's view: The agency agrees with the finding.

Corrective Action: The Department will strengthen its existing grant reporting controls to provide earlier identification and escalation of issues that could prevent timely submission of required financial reports. The Grant Reporting Team will continue to use the Grant Log to monitor reporting due dates and will identify required source information and establish an internal completion date sufficiently in advance of the grantor deadline. If required information is unavailable, incomplete, or otherwise prevents the report from being finalized, the Grant Reporting Team Lead will escalate the issue to the Cash and Grants Supervisor and/or Financial Manager for resolution. When appropriate, the Department will communicate with the grantor regarding the reporting issue and request an extension before the established due date. Documentation of the request, grantor response, and any related resolution will be retained in the grant file.

The Report Routing Cover Sheet will be updated to document the completion of required reporting steps, including confirmation that all necessary supporting information has been received, required management review has occurred, and any extension request or related grantor communication has been documented and retained. The Cash and Grants Supervisor will review the Grant Log and Report Routing Cover Sheets at least monthly to identify upcoming reports, unresolved information requests, and reports at risk of missing their due dates. This process will provide management with sufficient advance notice to intervene when necessary and will establish a documented record demonstrating that required financial reports were monitored through completion and submitted timely.

Anticipated Corrective Action Date: January 31, 2027

Responsible for Corrective Action: Randena P. Darpli, CPA, CGFM, Financial Manager
dena.darpli@dhw.idaho.gov
(208) 334-4909

Finding Number 2025-214: The Department did not review the Child Care Development Fund (CCDF) Administration for Children and Families (ACF) Form 696 report at a sufficient level to identify an $88,822 misstatement.

Federal Program: 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Related to Prior Finding: 2024-224

Agency's view: The agency agrees with the finding.

Corrective Action: The Grant Reporting Team Lead, Cash and Grants Supervisor, and/or Financial Manager will strengthen its review by performing and documenting an in-depth review of the ACF-696 workpapers each time a grant budget period or phase is rolled forward. This review will be completed within 90 days

of the start of the new budget period and will include verification of applicable formulas and other high-risk calculations.

To provide ongoing oversight, the Grant Log will be used as a centralized tracking mechanism to document budget period start dates, assigned reviewer, review completion date, identified discrepancies, and resolution of any issues. Reviewers will retain documentation evidencing the review and any corrections made. The Cash and Grants Supervisor or Financial Manager will periodically verify completion of the reviews and evaluate identified discrepancies to determine whether additional corrective action or process changes are necessary. These procedures are intended to provide a documented, repeatable review process with sufficient precision to identify reporting errors.

Anticipated Corrective Action Date: January 31, 2027

Responsible for Corrective Action: Randena P. Darpli, CPA, CGFM, Financial Manager
dena.darpli@dhw.idaho.gov
(208) 334-4909

Finding Number 2025-215: The Department did not meet the Mental Health Block Grant (MHBG) earmarking requirement for evidence-based programs addressing early serious mental illness.

Federal Program: 93.958 - Block Grants for Community Mental Health Services

Related to Prior Finding: N/A

Agency's view: The Idaho Department of Health and Welfare (DHW) agrees with the finding. DHW consulted with the Substance Abuse and Mental Health Services Administration (SAMHSA) Grants Project Officer (GPO) regarding the Early Serious Mental Illness (ESMI) earmarking requirement, including how the requirement is calculated, the flexibility available for meeting the requirement, and the potential impact on future Mental Health Block Grant (MHBG) funding. The GPO confirmed that the standard requirement is to expend not less than 10% of the MHBG award on evidence-based programs addressing ESMI. The GPO also confirmed that a State may elect the two-year option to expend not less than 20% of the ESMI set-aside by the end of the succeeding fiscal year. For Idaho's current grant period, this provides additional time to meet the expenditure requirement through qualifying ESMI activities.

SAMHSA GPO Guidance
The GPO further stated that if Idaho appropriately elects and documents the 20% two-year option, SAMHSA would not expect a penalty or negative impact on future MHBG funding. If the expenditure requirement is not met, unexpended ESMI set-aside funds cannot be drawn down and would revert to the Treasury. If ESMI set-aside funds are spent on non-ESMI activities, the amount used for those expenditures would need to be returned. This repayment requirement would not apply to other MHBG funds that were properly spent on allowable activities outside of the ESMI set-aside.

The GPO also clarified that there is no separate waiver or exception process for the ESMI expenditure requirement beyond the 20% two-year flexibility. SAMHSA's MHBG closeout team will provide additional guidance regarding documentation expected at closeout to support use of the two-year flexibility. The GPO also clarified that no-cost extensions are not currently an option for the MHBG grant.

The 10% ESMI earmark is calculated based on the total MHBG award amount for the grant period, not the amount drawn down or spent to date.

Prior Monitoring Process
DHW has historically used grant budget papers, LUMA financial system expenditure information, and spreadsheets to track ESMI expenditures; however, prior processes did not provide sufficient controls to ensure the required earmark was met. LUMA expenditure reporting and data processes have since been improved and are now used as part of the monitoring process.

Improvements Already Implemented
DHW has already taken steps to strengthen the monitoring of MHBG and ESMI expenditures. The MHBG team is developing an MHBG expenditure tracking tool to monitor expenditures at the program level and the amount needed to meet the ESMI earmark. The MHBG team also reviews LUMA expenditure data to monitor spending, identify issues or discrepancies, and determine whether additional follow-up is needed. The Finance and Budget Unit (FABU) updates the LUMA Data tab in the Realignment Project spreadsheet, and Grant Reporting posts the MHBG workpapers for review. The MHBG team reviews the expenditure information and MHBG workpapers and compares ESMI expenditures to the required earmark.

The MHBG team also meets quarterly with internal partners to review MHBG grant activities, expenditures, reporting, progress made, and any challenges or concerns. These meetings provide an opportunity to discuss how the grant is progressing, identify potential issues, and determine whether additional follow-up is needed.

For MHBG funding, the MHBG Team has implemented an annual Internal Funding Request process to provide a consistent process for requesting, reviewing, approving, and tracking MHBG funding.

These improvements will be incorporated into the formal monitoring process outlined below and will continue throughout the grant period.

Corrective Action: Idaho Department of Health and Welfare (DHW) will implement a formal process to monitor compliance with the Mental Health Block Grant (MHBG) 10% Early Serious Mental Illness (ESMI) earmarking requirement throughout each grant period. The Adult Mental Health (AMH) Program Manager will oversee implementation of the monitoring process, with review and oversight by the System Design and Implementation Bureau–Adult Behavioral Health (SDI-ABH) Chief and System Design and Implementation Programs Bureau Chief. The MHBG team, ESMI team, Grant Reporting, and Finance and Budget Unit (FABU) will each have defined responsibilities within the monitoring process. The corrective action will include the following steps:

1. Establish an ESMI expenditure tracking process. The MHBG team will develop and maintain an MHBG expenditure tracking tool to identify and track qualifying ESMI expenditures at the program level and compare the expenditure information to the required 10% earmark for the MHBG grant. FABU will maintain the expenditure information in the Realignment Project spreadsheet, and Grant Reporting will provide the MHBG workpapers through its established process.

2. Calculate the required earmark amount. At the beginning of each grant period, the MHBG team will calculate and document the amount required to meet the 10% ESMI

earmark and the timeframe for meeting the requirement before the end of the grant period.

3. Monitor ESMI expenditures quarterly. FABU will provide the ESMI personnel costs monthly and continue to update the LUMA Data tab in the Realignment Project with the expenditure information. Grant Reporting will post the MHBG workpapers. The ESMI team will manage the ESMI contracts, provide support to ESMI providers, and review and process ESMI invoices to ensure providers are submitting invoices in accordance with their contracts. The MHBG team will review the workpapers and expenditure information for accuracy, compare the program-level expenditure tracking to the information provided in the grant workpapers, and compare actual ESMI expenditures to the required 10% earmark. The MHBG team will follow the established workpaper review and approval process.

4. Review expenditure status and address potential shortfalls. The MHBG team will review the quarterly expenditure information to identify potential shortfalls and determine whether additional qualifying ESMI expenditures may be needed to meet the 10% ESMI earmark. If a potential shortfall is identified, the MHBG team will work with internal partners and look for additional qualifying ESMI activities, including opportunities with other providers or programs, to address the shortfall and meet the set-aside requirement before the end of the grant period. FABU and Grant Reporting will complete their respective reviews as part of their established processes. The MHBG team will reach out to FABU or Grant Reporting as needed when questions, discrepancies, or clarification are identified. The AMH Program Manager will oversee this process and provide updates to the SDI-ABH Behavioral Health Chief and System Design and Implementation Programs Bureau Chief as needed.

5. Maintain supporting documentation. The MHBG team will maintain documentation supporting the ESMI expenditure monitoring process, including the expenditure tracking, quarterly reviews, required 10% earmark calculations, MHBG grant workpapers reviewed, the timeframe for meeting the requirement, and any identified discrepancies or corrective actions. Documentation will be maintained in the appropriate grant files in accordance with DHW record retention requirements.

6. Complete the grant closure review. FABU will initiate the established grant closure process approximately two months prior to the closure of each grant phase. During Stage 1, the grant will be reviewed to identify the areas and parties that need to be involved in the closure process. During Stage 2, Grant Reporting, Cash Management, and other identified parties will participate in the closure review. The MHBG team will participate in the closure process and review the ESMI expenditures and documentation to verify that the required 10% earmark has been met. Any questions or discrepancies identified during the closure process will be addressed with the appropriate parties. The results of the review will be documented and maintained with the grant records.

Anticipated Corrective Action Date: September 30, 2027

Responsible for Corrective Action: Scott Rasmussen, SDI Programs Bureau Chief

Scott.Rasmussen@dhw.idaho.gov
(208) 334-5500

Finding Number 2025-216: The Department understated federal expenditures on the Children's Health Insurance Program (CHIP) CMS-21 Base Reports by $1,088,209.

Federal Program: 93.767 - Children's Health Insurance Program

Related to Prior Finding: N/A

Agency's view: The agency agrees with the finding.

Corrective Action: During the FFY 2026, Quarter 1 CMS-21 reporting cycle, the Medicaid Budget Team identified underreported indirect expenditures for State Fiscal Years 2024 and 2025. The discrepancies were traced to initial reporting issues following the LUMA system go-live in July 2023, which resulted in indirect expenditures not being incorporated into the CMS-21 reporting process.

To address the underreporting, the Medicaid Budget Team entered prior-period adjustments on CMS 21P forms to claim the eligible expenditures for the affected eight quarters, consistent with applicable CMS reporting requirements.

To strengthen internal controls and prevent recurrence, the Medicaid Budget Team developed a new report that automatically incorporates indirect expenditures into the CMS-21 workpapers. This automated process reduces the risk of indirect expenditures being omitted and provides additional control to improve the completeness and accuracy of future CMS-21 reporting.

Included is the CMS 21 Summary Sheet which shows the consolidation of the prior period adjustments make to claim all identified expenditures that had been omitted (line 2).

Anticipated Corrective Action Date: October 1, 2025

Responsible for Corrective Action: Erica Williams, Financial Specialist Principal
Erica.Williams@dhw.idaho.gov
(208) 334-5500

Finding Number 2025-217: The Department lacked documented evidence of monitoring over provider screening and enrollment activities performed by the Department's service organization for the Medicaid and CHIP programs.

Federal Programs:

93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778 - Grants to States for Medicaid
93.767 - Children's Health Insurance Program

Related to Prior Finding: N/A

Agency's view: The agency agrees with the finding.

Corrective Action: The department routinely identifies, evaluates, and addresses areas of deficiency through its established oversight processes for our enrollment and credentialling contractor, Gainwell Technologies. The department reviews and documents, on a monthly basis, the contractor's performance on 175 measures. The department and Gainwell representatives also participate in five (5) weekly, one (1) biweekly, and two (2) monthly meetings to facilitate issue identification, resolution, and monitoring of contractual performance related to enrollment and credentialling.

While there were no providers found to be inappropriately enrolled or credentialled, the department understands that there are outstanding concerns regarding the state's oversight. The department will coordinate with the Centers for Medicare and Medicaid Services (CMS) to identify gaps between current practices and CMS expectations establish a plan to address the auditors' concerns regarding compliance. The department anticipates completing this plan by January 1, 2027.

Anticipated Corrective Action Date: January 1, 2027

Responsible for Corrective Action: Sasha O'Connell, Deputy Director
Sasha.OConnell@dhw.idaho.gov
(208) 334-5500

Finding Number 2025-218: 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 were properly licensed and in good standing.

Federal Programs:

93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778 - Grants to States for Medicaid
93.767 - Children's Health Insurance Program

Related to Prior Finding: 2024-218

Agency's view: The agency agrees with the finding.

Corrective Action: In 2025, the Department contracted with four (4) MCOs across six (6) contracts. Rosters were received and reviewed by staff but not noted in the contract monitoring tracker for the two (2) contracts. Moving forward higher levels of leadership (program managers and bureau chiefs) will be required to sign off to confirm that the review was noted in contract monitoring documentation. This will ensure that the provider roster and other reports are properly documented and reviewed.

Anticipated Corrective Action Date: December 31, 2026

Responsible for Corrective Action: Sasha O'Connell, Deputy Director
Sasha.OConnell@dhw.idaho.gov
(208) 334-5500

Finding Number 2025-219: The Department could not provide sufficient documentation to demonstrate compliance with provider eligibility requirements for managed care network providers.

Federal Programs:

93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778 - Grants to States for Medicaid
93.767 - Children's Health Insurance Program

Related to Prior Finding: 2024-217

Agency's view: The agency agrees with the finding.

Corrective Action: The Department will work to enhance its oversight of the Managed Care Organizations (MCOs). Current contract requirements state 'submit documentation requested by IDHW within three (3) business days for standard requests, and within ten (10) business days for requests that require significant preparation, or a mutually agreed upon date.' One MCO, Molina, did not fulfill the data requests in a timely manner in accordance with their contract. The Department will impose all available liquidated damage remedies in the current contract for this delay from the MCO. This will be completed by December 31, 2026.

Medicaid is in process of writing contract language that will be implemented in the next amendment cycle before the end of the fiscal year. The amended contract language will state that information related to audits will need to be supplied within one (1) business day for urgent, three (3) business days for expedited, and five (5) for average. The Department will work with the Division of Purchasing to determine if it is possible to amend the liquidated damage section to ensure that we can hold the MCO vendors accountable for providing information during such audits in the future.

Anticipated Corrective Action Date: June 30, 2027

Responsible for Corrective Action: Sasha O'Connell, Deputy Director
Sasha.OConnell@dhw.idaho.gov
(208) 334-5500

Finding Number 2025-220: Payroll adjustments lacked sufficient internal controls.

Federal Programs:

93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778 - Grants to States for Medicaid
93.958 - Block Grants for Community Mental Health Services

Related to Prior Finding: 2024-234

Agency's view: The agency agrees with the finding.

Corrective Action: Updated ISD interface training and procedure documents. The ISD interface protocol has been revised to specifically address the required approval process for corrections. Updated training educates Financial Specialists on the proper procedures and reinforces the requirement to obtain documented approval via email before any corrections are interfaced. The Training documents also stress the importance of attaching the documents to the system to maintain proper records of such approval. Refresher training was also provided for all analysts.

Expected outcome: These actions establish consistent, documented approval control for ISD corrections, and ensure that email approval evidence is retained with each transaction.

Anticipated Corrective Action Date: June 30, 2026

Responsible for Corrective Action: Brooke Jenkins, Financial Specialist, Principal
Brooke.Jenkins1@dhw.idaho.gov
(208) 334-5500

Idaho Military Division

Finding Number 2025-221: The Division did not complete required Federal Funding Accountability and Transparency Act (FFATA) reports for the Homeland Security Grant Program.

Federal Program: 97.067 - Homeland Security Grant Program

Related to Prior Finding: N/A

Agency's view: The agency agrees with the issue identified.

Corrective Action: Condition - subawards of $30,000 or more are to be reported to the FFATA Subaward Reporting System (FSRS). All FFATA reports are due by the end of the month following the month the subawards are obligated. While IOEM utilizes a tracker for FFATA reporting, some reports were late or missing. Federal government shutdowns, the change in FFATA reporting portal (FSRS was retired on March 8, 2025, and all FFATA reporting must be submitted in SAM.GOV), staffing turnover and delayed grant reimbursements resulted FFATA reporting delays.

Resolution - The IOEM Finance Section (group responsible for FFATA reporting) is now fully staffed, and a Standard Operating Procedure / Instruction Guide has been developed to assist existing and new staff in adhering to FFATA reporting requirements in the new SAM.GOV interface. This will ensure consistency and thoroughness in FFATA reporting.

Anticipated Corrective Action Date: August 31, 2026.

Responsible for Corrective Action: Kari Harneck, IOEM Finance Section Chief
kharneck@imd.idaho.gov
(208) 258-6511

Finding Number 2025-222: The Division did not ensure Homeland Security Grant funds were obligated to subrecipients within the required 45 days of receipt of the award.

Federal Program: 97.067 - Homeland Security Grant Program

Related to Prior Finding: N/A

Agency's view: The agency partially agrees with the issue identified. Condition - of those sampled, 2 subaward agreements were not issued within the 45-day requirement. IOEM does question whether the Operation Stone Garden Grant Program (OPSG) is subject to the 45-day requirement as Customs and Border Patrol approves the participating jurisdiction's grant projects. Based on State Administration Agencies request for clarification, Idaho's FY 25 HSGP Award Amendment states the following: "As required by 6 U.S.C. § 605(c) for SHSP and 6 U.S.C. § 604(d) for UASI, the recipient must make available to local and tribal governments not less than 80 percent of the SHSP and UASI funds awarded under this award, within 45 days. **This requirement applies to SHSP and UASI funds only and does not apply to OPSG funds"** (bolded for emphasis).

The 2025 OMB Compliance Supplement Special Tests for HSGP indicate: "States… must obligate at least 80 percent of funds awarded to them under SHSP and UASI to local or Tribal governments within 45 calendar days of receipt of the funds." It is of note that OPSG is not included in this Special Test. One of the two grant agreements issued over 45 days is associated with OPSG.

Corrective Action: Resolution - IOEM's Grants Branch Chief accepts grant awards on IOEM's behalf. The Grants Branch Chief will notify the Finance Section Chief and the Grant Analysts via email the date the award is accepted, the date 45 days from award acceptance and a deadline within the 45 days subaward obligation documents are expected to be issued. The Grants Branch Chief will review subaward obligations to assure they are issued within 45 days of award acceptance.

Anticipated Corrective Action Date: August 31, 2026.

Responsible for Corrective Action: Matt McCarter, IOEM Grants Branch Chief
mmccarter@imd.idaho.gov
(208) 258-6517

Finding Number 2025-223: The Division did not complete sufficient subrecipient monitoring for the Homeland Security Grant during fiscal year 2025.

Federal Program: 97.067 - Homeland Security Grant Program

Related to Prior Finding: N/A

Agency's view: The agency agrees with the issue identified.

Corrective Action: Condition- limited formal monitoring occurred in FY 25. IOEM does have evidence of extensive subrecipient communication regarding project eligibility, allocability and allowability through email correspondence, grants management system records, meetings and discussions. IOEM monitoring

activity was strained in FY 25 due to FEMA reimbursement delays, federal government shutdown (during which no reimbursements were made), staffing turnover, budget holdbacks and a new grants management system. MilDiv leadership implemented a 'pause' on activities incurring costs during the federal government shutdown and the Division of Financial Management issued the MilDiv a line of credit to continue paying staff during the time when FEMA was not processing reimbursements for grant expenditures. This impacted IOEM as well as county and Tribal emergency management programs.

Resolution- IOEM has codified a monitoring protocol, meeting agenda template, and is currently scheduling monitoring for subrecipients identified on the risk assessment tool in September and October 2026. IOEM leadership determined that from Memorial Day to Labor Day no monitoring will take place due to the demands on local emergency management programs during fire season.

Anticipated Corrective Action Date: December 17, 2026

Responsible for Corrective Action: Kari Harneck, IOEM Finance Section Chief
kharneck@imd.idaho.gov
(208) 258-6511

Idaho Department of Parks and Recreation

Finding Number 2025-224: The Department overstated federal grant expenditures on the Schedule of Expenditures of Federal Awards (SEFA) closing package.

Federal Program: 21.027 – Coronavirus State and Local Fiscal Recovery Fund

Related to Prior Finding: N/A

Agency's view: The department agrees with the finding and asserts that it was a one-of-a-kind error in the timing of recording of one expenditure transaction. The error went undetected for a few months during the very confusing and difficult Luma transition year. When staff detected the error they believed the expenditure was still required to be reported on a SEFA and the only option available was to report it in FY 2025.

Corrective Action: Staff have already completely familiarized themselves with the guidance on "New Requirement for Wire Payment Requests" issued by SCO on October 6, 2025. We are confident that our understanding of these new procedures will prevent any future occurrence.

Anticipated Corrective Action Date: September 28, 2026

Responsible for Corrective Action: Steve Martin, Financial Officer
Steve.Martin@idpr.idaho.gov
(208) 869-4120

Idaho Division of Vocational Rehabilitation

Finding Number 2025-225: 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.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: 2024-237

Agency's view: IDVR agrees that retention of supporting documentation aligned with the RSA-17 report submitted to RSA is necessary to ensure adequate documentation of the completed reports is created and maintained to support the submission.

Corrective Action: IDVR has completed significant work to complete restatements of the RSA-17 for FFY2019-2024. These restatements have been accepted by the RSA Fiscal Unit and the reports were updated in RSAMIS by RSA after this process was completed in Spring 2026. With the restatement, RSA and IDVR have accepted the data based on an extensive third-party forensic review of IDVR's financial records for these timeframes.

IDVR is currently in the process of submitting the policy, procedures, and internal controls to RSA regarding the federal reporting of the RSA-17 required data elements. The fiscal staff have also worked extensively to ensure all future RSA-17 reports include supporting documentation that have been extracted from Luma and this process has been implemented as of February 2026.

Once RSA approves the IDVR RSA-17 policy, procedures, and internal controls IDVR will adopt, train, and implement these documents as standard practice and will complete all future reports in accordance with the outlined controls and maintain the supporting documentation as outlined in the policy.

Anticipated Corrective Action Date: January 30, 2027

Responsible for Corrective Action: Heidi Smith, Financial Officer
Heidi.Smith@vr.idaho.gov
(208) 287-6457

Finding Number 2025-226: The Division did not comply with Matching, Level of Effort, and Earmarking requirements for the fiscal year 2023 grant of the Rehabilitation Services-Vocational Rehabilitation Grants to States.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: 2024-238

Agency's view: The agency agrees with this finding. It is closely related to the historical reporting issues identified through the forensic review and restatement process described above.

Corrective Action: IDVR has completed significant work to increase internal controls through the development of policies, procedures, and internal controls included in IDVR's Grants Management Manual. RSA has approved several of the policies, procedures, and internal controls as they relate to these processes to ensure adequate SLT level planning and decision making is occurring and documentation is available to support the grants Matching, Maintenance of Efforts, and obligation requirements. Further GMM chapters related to this finding will be re-submitted to RSA for approval with IDVR's next CAP

submission due 10/30/2026. Once policies are approved by RSA for implementation they will be finalized, trained, and implemented by IDVR.

To strengthen compliance moving forward as these areas are assessed at the State level, IDVR and ICBVI have also increased the frequency of collaborative financial planning meetings from bi-monthly to monthly, with notes taken, as of September 2026 as these three elements are reported and assessed at the statewide level.

In addition, the IDVR Strategic Leadership Team conducts at least monthly reviews of matching, MOE, and Pre-ETS spending to assess progress, identify potential risks, and implement timely corrective measures when necessary and maintains agendas of these meetings to assure record retention for these reviews and decision points as of August 2026. These monitoring activities will continue as implemented and are intended to ensure more proactive management of federal fiscal requirements and reduce the likelihood of future compliance concerns in these areas.

Anticipated Corrective Action Date: January 30, 2027

Responsible for Corrective Action: Heidi Smith, Financial Officer
Heidi.Smith@vr.idaho.gov
(208) 287-6457

Finding Number 2025-227: 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.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: 2024-239

Agency's view: The agency agrees with this finding. IDVR acknowledges that the controls during the audit period were insufficient to ensure expenditures were consistently allocated to the correct federal award period.

Corrective Action: Since November 2025, IDVR has implemented a comprehensive period-of-performance review process designed to ensure compliance with federal grant requirements. As part of this process, the Strategic Leadership Team reviews and determines when obligations should transition between federal fiscal year awards. Based on this direction, IDVR Data Manager updates system configurations and budget parameters within the AWARE case management system to ensure expenditures are assigned to the correct federal award.

In addition, IDVR implemented a testing process in which the Data Manager and Program Analyst verify that expenditures are coding appropriately following budget updates. IDVR has also incorporated period-of-performance reviews into its quality assurance and compliance review process for case service expenditures. Invoice batches are reviewed before liquidation, or reimbursement requests are submitted to ensure expenditures are allocated to the proper grant award.

These reviews are conducted by Quality Assurance and Compliance Analysts, Financial Specialists, the Financial Officer, and, when appropriate, Agency leadership, including the Deputy Administrator and Administrator. Through these layered review processes, IDVR has established documented internal controls designed to ensure compliance with period-of-performance requirements and has successfully utilized these controls since implementation as evidenced by approved RSA reimbursements of expenditures based upon both period of performance and allowability reviews completed by RSA on all expenditures reimbursed as required under route payment that IDVR has been engaged in with RSA since October 2024.

IDVR is in the process of obtaining approval from RSA within drafted Grant's Management Chapters for the policies, procedures and internal controls related to assurances of proper grant assignment based upon period of performance. Once approval is provided, IDVR will finalize, implement, and train on the approved policies, procedures, and internal controls that align with processes already in practice as of November 2025.

Anticipated Corrective Action Date: January 30, 2027

Responsible for Corrective Action: Heidi Smith, Financial Officer
Heidi.Smith@vr.idaho.gov
(208) 287-6457

Finding Number 2025-228: The Division is not following Idaho Administrative Rules for Purchasing as required.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: 2024-240

Agency's view: The agency agrees with this finding. IDVR acknowledges that procurement practices during the audit period did not fully align with state procurement requirements.

Corrective Action: IDVR has worked directly with the Division of Purchasing to revise IDVR procurement-related Policy Directive and is currently finalizing updates to align Agency procedures with state procurement requirements. Additionally, IDVR has developed draft procurement policies, procedures, and internal controls designed to strengthen compliance with both state and federal requirements. These materials have been reviewed with the Vocational Rehabilitation Technical Assistance Center and are currently undergoing RSA review.

While awaiting final approval, IDVR has already begun strengthening procurement oversight and monitoring practices. Upon completion of the review process, IDVR will conduct agency-wide training and formally implement the updated policies and procedures. Additionally, IDVR will be developing monitoring dashboards that will provide leadership with enhanced visibility into purchasing activity and spending thresholds to support ongoing compliance with procurement requirements.

These efforts reflect IDVR's commitment to establishing sustainable procurement controls that not only address the finding but also enhance transparency and accountability in purchasing activities.

IDVR has also developed contracts for CRP services for both the General and Pre-ETS programs that have been approved by RSA for implementation. The Division is currently working on rolling out new CRP contracts with anticipated start date of 02/01/2027 to assure compliance with contracts for procurements for these services that are anticipated to exceed the $150,000 each state fiscal year and would not be covered under the updated policy directive due to this anticipated annual spend based on historical spending analysis for these services.

Anticipated Corrective Action Date: February 1, 2027

Responsible for Corrective Action: Heidi Smith, Financial Officer
Heidi.Smith@vr.idaho.gov
(208) 287-6457

Finding Number 2025-229: The Division did not verify that vendors were not suspended or debarred prior to making federal grant payments.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: 2024-241

Agency's view: The agency agrees with this finding. IDVR acknowledges that it did not maintain documented processes to verify suspension and debarment status before certain federally funded transactions during the audit period.

Corrective Action: IDVR implemented additional agency-level procedures in Spring 2026 to strengthen compliance with federal suspension and debarment requirements.

Under the enhanced process, the Financial Team conducts and documents quarterly reviews of vendors whose cumulative payments may meet or exceed applicable federal thresholds during that quarter to ensure at least annual review of vendors paid with federal funds for potential suspension or debarment since the last review. Additionally, IDVR's Contract Specialist performs suspension and debarment verification reviews prior to execution of contracts expected to exceed federal threshold requirements.

IDVR has also developed procurement and suspension/debarment policies that are currently under RSA review. Once approved, those policies will be finalized, adopted, and incorporated into Agency training. Importantly, the core review processes outlined in those policies have already been implemented, and the forthcoming policy adoption will formalize and document practices that are presently being utilized.

Anticipated Corrective Action Date: January 1, 2027

Responsible for Corrective Action: Heidi Smith, Financial Officer
Heidi.Smith@vr.idaho.gov
(208) 287-6457

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SCHEDULE OF BASIC FINANCIAL STATEMENTS PRIOR FINDINGS

STATE OF IDAHO
SCHEDULE OF BASIC FINANCIAL STATEMENTS PRIOR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE AGENCY		PAGE
OFFICE OF THE STATE CONTROLLER		
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.	163
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.	163
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.	164
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.	165
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.	166
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.	166
2024-106	Over $30 million was issued in duplicate payments during fiscal year 2024 due to a lack of data validation controls.	167
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.	168
2024-108	A reconciliation was not completed to ensure the completeness of payroll accruals included in the statewide financial statements.	169
2024-109	The statewide accounting system does not have system controls to prevent employees from modifying their timesheets after supervisor approval.	169
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.	167
OFFICE OF THE STATE CONTROLLER, DIVISION OF STATEWIDE PAYROLL		
2023-104	A reconciliation was not completed to ensure the completeness of payroll accruals included in the statewide financial statements.	175

STATE OF IDAHO
SCHEDULE OF BASIC FINANCIAL STATEMENTS PRIOR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE AGENCY		PAGE
STATE DEPARTMENT OF EDUCATION		
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.	169
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.	175
2022-103	The Department is not properly monitoring data that supports foundation payments made to school districts and charter schools.	175
IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY		
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.	170
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.	171
DIVISION OF FINANCIAL MANAGEMENT		
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.	171
2023-106	The Division understated the Grants Advances closing package for the American Rescue Plan Act funds by $181 million.	176
IDAHO DEPARTMENT OF HEALTH AND WELFARE		
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.	172
IDAHO DEPARTMENT OF LABOR		
2024-115	The Department overstated accounts receivable by $32,977,010.	173
IDAHO STATE TAX COMMISSION		
2024-116	The Commission failed to ensure or monitor for changes to statutory cash allocation codes in the State's accounting system, Luma.	173
2024-117	Restricted Cash amounts reported to the Office of the State Controller were understated by $190.8 million.	173
2023-107	The Commission's Accounts Receivable closing package for the statewide financial statements was overstated by $92.9 million.	177

STATE OF IDAHO
SCHEDULE OF BASIC FINANCIAL STATEMENTS PRIOR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE AGENCY		PAGE
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.	173
IDAHO STATE TREASURER'S OFFICE		
2024-118	IDLE pool distributions were not made accurately or timely in accordance with the Idaho State Treasurer's Office investment policy.	174

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025

STATE AGENCY		FEDERAL AGENCY	PAGE
IDAHO DEPARTMENT OF ADMINISTRATION			
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	209
IDAHO COMMISSION ON AGING			
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	215
COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED			
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	178
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	179
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	180
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	181
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	182
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	182
DEPARTMENT OF COMMERCE			
2024-206	The Department did not complete required reports for the Federal Funding Accountability and Transparency Act (FFATA)	Department of Treasury	183

STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE AGENCY		FEDERAL AGENCY	PAGE
OFFICE OF THE STATE CONTROLLER			
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).	Department of Health and Human Services	183
IDAHO DEPARTMENT OF CORRECTION			
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	210
DEPARTMENT OF EDUCATION			
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	184
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	185
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	186
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	216
DEPARTMENT OF ENVIRONMENTAL QUALITY			
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 Treasury	187
2024-212	The Department's Indirect Cost Rate Proposal (ICRP) contained multiple errors.	Environmental Protection Agency	187
2024-213	The Department did not have documentation to support the verification that grant subrecipients were not suspended or debarred.	Environmental Protection Agency	188

STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE AGENCY		FEDERAL AGENCY	PAGE
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	188
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 Treasury	189
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	210
DIVISION OF FINANCIAL MANAGEMENT			
2024-216	Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) project and expenditure reports (P&E) contained material overstatements.	Department of Treasury	189
DEPARTMENT OF HEALTH AND WELFARE			
2024-217	The Department lacked documentation to support continued eligibility for providers within the Medicaid program.	Department of Health and Human Services	190
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	191
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	191
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	192
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	193
2024-222	Four providers lacked documentation to support continued eligibility within the Medicaid program.	Department of Health and Human Services	193

STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE AGENCY		FEDERAL AGENCY	PAGE
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	194
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	194
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	195
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	196
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	196
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	197
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	197
2024-230	The Department did not provide documented support to verify the accuracy of a LIHEAP performance report.	Department of Health and Human Services	197
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	198
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	198

STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE AGENCY		FEDERAL AGENCY	PAGE
2024-233	The submission of Child Care and Development Fund (CCDF) financial report was not completed timely.	Department of Health and Human Services	199
2024-234	Payroll adjustments lacked sufficient internal controls.	Department of Health and Human Services	199
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	211
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	212
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	212
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	213
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	213
2023-223	Managed Care providers lacked documentation to support continued eligibility within the Medicaid Program.	Department of Health and Human Services	214
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	215
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	211

STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE AGENCY		FEDERAL AGENCY	PAGE
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	211
DEPARTMENT OF LABOR			
2024-235	Quarterly financial reports for the Social Security Disability (DI) grant were submitted after the required deadline.	Social Security Administration	200
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	202
IDAHO TRANSPORTATION DEPARTMENT			
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	215
DIVISION OF VOCATIONAL REHABILITATION			
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	203
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	204
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	205
2024-240	The Division is not following Idaho Administrative Rules for Purchasing as required by federal requirements.	Department of Education	206
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	207
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	208

STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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	208
DEPARTMENT OF WATER RESOURCES			
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	209

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

STATE OF IDAHO
CONTROLLER'S OFFICE
BRANDON D WOOLF

Summary Schedule of Prior Audit Findings - ACFR
For the fiscal year ended June 30, 2025

Idaho Office of the State Controller

Finding Number 2024-100: The State Controller's 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

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: Implementation was completed in fiscal year 2026; therefore, it was not completed until after fiscal year 2025.

Corrective Action Taken: The State Controller's Office has worked to get the reconciliation done from FY24 to current. FY24 and FY25 are done and FY26 has been completed up to the month available.

Anticipated Corrective Action Date: Fiscal year 2026

Responsible for Corrective Action: Tiffini LeJeune, Division Administrator
tlejeune@sco.idaho.gov
(208) 334-3100

Finding Number 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: 2024-214

Current Status: Partially Corrected

Planned 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.

Reason for Recurrence: The SCO has made adjusting entries for the ACFR, but the amounts have not been corrected in Luma due to the need for legislative approval for prior period adjustments. Those adjustments are expected to be approved and completed during the 2026 Legislative Session.

In addition, the SCO does a reconciliation between the closing package data and the Luma balances as soon as they have the data for the year to ensure that everything comes over to the closing package data as it should and to look for anything that may look incorrect. When there is a difference amount of a reversal, it tells the SCO that the agency did not fix Luma and the SCO has to re-enter the prior year correction. The reconciliation process also helps to determine what was corrected in Luma and what has not been corrected.

Corrective Action Taken: The system was fixed.

Anticipated Corrective Action Date: Fiscal year 2026

Responsible for Corrective Action: Tiffini LeJeune, Division Administrator
tlejeune@sco.idaho.gov
(208) 334-3100

Finding Number 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 Prior Finding: 2024-213

Current Status: Not Corrected

Planned Corrective Action: 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.

Reason for Recurrence: The Division of Financial Management met with the SCO when working on the closing package. During the meeting, they went through the backup documentation that was included in the closing package.

However, during the testing procedures at the Division of Financial Management for the ACFR support work, we noted insufficient communication between the SCO and DFM to ensure that DFM started with the right beginning balance for the Grant Advance closing package for fiscal year 2025. In addition, it was discovered during testing that interest earnings were being reported as part of the grant advance when they should not have been. (See Finding #2024-113 for more details.)

Corrective Action Taken: The State Controller's Office met with the Division of Financial Management to determine what to report for fiscal year 2025.

Anticipated Corrective Action Date: The corrective action provided above was implemented in fiscal year 2025. The process below was implemented in fiscal year 2026.

Additional Information: The State Controller's Office worked through the best process to determine the correct reporting.

Responsible for Corrective Action: Tiffini LeJeune, Division Administrator
tlejeune@sco.idaho.gov
(208) 334-3100

Finding Number 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

Current Status: Not Corrected

Planned Corrective Action: 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.

Reason for Recurrence: The process of determining the transfers was updated to ensure that the SCO pull all data related to transfers. The SCO has a transfer report that pulls the event code and then an additional report that pulls the transfer accounts. Eliminations were determined once all data was available. This process was also discussed during the financial symposium.

Despite the changes being made, the SCO did not prevent or detect and correct errors in the elimination process, including the misclassification of tax revenues as transfers, during the FY25 ACFR.

Corrective Action Taken: The Office determined that we had to change processes for bringing Luma data into our closing package system. As we did this, other processes and transactions had to change and were worked through during fiscal year 2025.

The State Controller's Office has ironed out the issues and has created a process that will be complete and correct.

Anticipated Corrective Action Date: Fiscal year 2026

Responsible for Corrective Action: Tiffini LeJeune, Division Administrator
tlejeune@sco.idaho.gov
(208) 334-3100

Finding Number 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

Current Status: Corrected

Corrective Action Date: Fiscal year 2025

Responsible for Corrective Action: Tiffini LeJeune, Division Administrator
tlejeune@sco.idaho.gov
(208) 334-3100

Finding Number 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: 2024-113 & 2023-103

Current Status: Not Corrected

Planned 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. 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.

Reason for Recurrence: The SCO is still refining its review processes.

Although the SCO did make some adjustments to internal controls, several significant misstatements and presentation errors were either identified by auditors and communicated to management during the audit process or identified by the SCO after the financial statements were provided to the LSO for audit.

Corrective Action Taken: Our team continues to work to improve review processes and to work with agencies and outside audit entities to ensure we are provided correct information.
We have changed tasks for our team members and will rely on them to review previous tasks to help ensure that items are not missed.

Anticipated Corrective Action Date: Fiscal year 2026

Responsible for Corrective Action: Tiffini LeJeune, Division Administrator
tlejeune@sco.idaho.gov
(208) 334-3100

Finding Number 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

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: The SCO has incorporated automated checks to help prevent duplicate payments with the use of automated scripts that compare 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 SCO has also implemented a process whereby quarterly validation reports are sent to agency representatives that allow agencies to validate that the data interfaced into Luma from their local systems is correct in Luma.

The SCO has implemented a process involving automated scripts to help prevent and identify duplicate payments from processing. The automated script includes two control points. The first control occurs as the interface is processing and the interface will fail and be placed in suspense for further research if the automated script identifies a potential duplicate payment. The second control occurs with a script that runs after the interface is completed but before payment file is sent to the bank for final processing. This script compares the current payment file fields to the last 20 files. If a duplicate is detected, the record is flagged as an error, and the Luma functional team is notified of the duplication for further research.

The SCO has also implemented a quarterly data validation process with state agencies. Agencies receive an automated email request for the agency's designated interface owner to review a Cash Ledger Payments – Interface Summary Data Validation Report. The interface owner is then required to either sign the report to indicate the imported data is found to be complete and accurate or submit a ServiceNow ticket if any issues or discrepancies are identified.

The automated script is a good control process; however, relying solely on the automated script leaves the process vulnerable to payment errors that fall outside the defined parameters of the script. There have been different situations in the past when multiple duplicated payments occurred, and the current controls do not account for all potential scenarios in which duplicates may arise.

Additionally, the data validation process is a good starting point for establishing accountability between the SCO and state agencies. However, a full reconciliation of prior fiscal years is necessary to identify and resolve any outstanding discrepancies that may have gone undetected. Going forward, a continued and consistent reconciliation process will be essential to ensuring the accuracy and completeness of interface data. Without this, there is no assurance that historical errors have been corrected or that future errors will be identified.

Corrective Action Taken: Automated checks to ensure payments are not duplicated. Notification process for any transactions that need to be reviewed prior to submitting payment file to the bank.

Anticipated Corrective Action Date: The automated check was put into production on March 11, 2025.

Responsible for Corrective Action: Tiffini LeJeune, Division Administrator
tlejeune@sco.idaho.gov
(208) 334-3100

Finding Number 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

Current Status: Not Corrected

Planned Corrective Action: 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.

Reason for Recurrence: The SCO updated the System Access Request (SAR) process and implemented two GRC tools: Authorization Insights and Certification Manager.

The Authorization Insights tool performs daily scans looking for separation of duties conflicts across the Luma system. The SCO started conducting scans in December 2025 and efforts are ongoing to identify and eliminate separation of duty violations. The SCO is currently validating the accuracy of separation of duties alerts and refining the process to reduce false-positive violations. The SCO is also in the process of establishing a process to address remaining and ongoing separation of duties violations with agencies.

The Certification Manager (CM) tool assists the SCO in reviewing agency records and resolving access role discrepancies. The CM tool generates a report to be reviewed by the SCO security and SAR teams prior to sending it to the agency SAR representative for review. The CM tool will be used in the SCOs upcoming re-certification process to generate a report for agencies to review and resolve any identified discrepancies in separation of duty roles. The SCOs policy calls for the Role Recertification Process to occur annually for every state agency, starting in May 2026.
While both GRC tools have been implemented, the full implementation of the GRC tools had not occurred at the time of our review. Until the recertification process is formally launched and agencies are actively participating, the controls cannot be considered effective.

Corrective Action Taken: GRC software is being used to identify control deficiencies and the security team is working through the log of identified issues.

Anticipated Corrective Action Date: GRC Segregation of Duties implemented on September 16, 2025; The Certification Manager Tool implemented in April 2026.

Responsible for Corrective Action: Tiffini LeJeune, Division Administrator
tlejeune@sco.idaho.gov
(208) 334-3100

Finding Number 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

Current Status: Corrected

Corrective Action Date: October 2024

Responsible for Corrective Action: Hanna Hall, Luma Administrator
hhall@sco.idaho.gov
(208) 334-3100

Finding Number 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

Current Status: Corrected

Corrective Action Date: February 2025

Responsible for Corrective Action: Hanna Hall, Luma Administrator
hhall@sco.idaho.gov
(208) 334-3100

State Department of Education

Finding Number 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 & 2022-103

Current Status: Corrected

Corrective Action Date: The Department took corrective action beginning in March 2023. The Department hired an auditor in December 2024 and implementing additional corrective actions in the spring of 2025.

Responsible for Corrective Action: Gideon Tolman, Chief Financial Officer
gtolman@sde.idaho.gov
(208) 332-6874

Idaho Department of Environmental Quality

Finding Number 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

Current Status: Not Corrected

Planned Corrective 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).

Reason for Recurrence: The Department has implemented a reconciliation between LGTS and Luma; however, they were unable to reconcile the differences between the two systems for both Fund 529 and Fund 532. Further, no adjustments have been made to correct current and prior year balance differences in Luma. In addition, amounts report on the fiscal year 2025 Loans and Notes Receivable closing packages were incorrect.

Corrective Action Taken: The agency conducts a monthly reconciliation between our Loan and Grants Tracking System (LGTS) and Luma. We anticipate this will correct any issues with closing packages and financial reporting for our State Revolving Funds.

The agency has reconciliations back to July 2025.

Anticipated Corrective Action Date: Fiscal year 2026

Responsible for Corrective Action: Linda Brown, Financial Executive Director
Linda.brown@deq.idaho.gov
(208) 373-0292

Finding Number 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.

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Linda Brown, Financial Executive Director
Linda.brown@deq.idaho.gov
(208) 373-0292

Idaho Division of Financial Management

Finding Number 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: 2025-113 & 2023-106

Current Status: Not Corrected

Planned Corrective 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: 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: Fiscal Year 2026

Responsible for Corrective Action: Justin Collins, Deputy Administrator | State Financial Officer
Justin.Collins@dfm.idaho.gov
(208) 854-3063

Idaho Department of Health and Welfare

Finding Number 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

Current Status: Partially Corrected

Planned Corrective Action: 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.

Reason for Recurrence: Steps were taken to address the issue, but full implementation was not completed until after fiscal year 2025.

Corrective Action Taken: DHW has revised our sweep reconciliation to better identify anomalies. Any necessary corrections are identified and fixed within 45 days (typically within two weeks). Staff are also monitoring the suspense account where anomalies can take longer due to relying on vendor interfaces but typically fall within the 45 days.

In November of 2024, the Revenue Unit created documentation on how to perform AR write-offs. The documents are stored on a shared drive and available for all applicable staff. Training was also provided for current staff and continues to be provided for new staff.

Anticipated Corrective Action Date: In August 2025 for the reconciliations and in November 2024 for the AR write-offs.

Responsible for Corrective Action: Jason Brizendine, Financial Manager
Jason.Brizendine@dhw.idaho.gov
(208) 334-6665

Dena Darpli, Financial Manager
Dena.Darpli@dhw.idaho.gov
(208) 334-4909

Idaho Department of Labor

Finding Number 2024-115: The Department overstated accounts receivable by $32,977,010.

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Carrie Peterman, Financial Executive Officer
carrie.peterman@labor.idaho.gov
(208) 696-2533

Idaho State Tax Commission

Finding Number 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

Current Status: Corrected

Corrective Action Date: September 30, 2024

Responsible for Corrective Action: Nicholena Silva, Chief Financial Officer
Nicholena.silva@tax.idaho.gov
(208) 334-7507

Finding Number 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

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Nicholena Silva, Chief Financial Officer

Nicholena.silva@tax.idaho.gov
(208) 334-7507

Idaho State Treasurer's Office

Finding Number 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

Current Status: Not Corrected

Planned Corrective 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 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: When comparing the Luma Average Daily Balance report's month end fund cash balances to the Luma month end fund cash balance only one fund was found to have a significant discrepancy from the original distribution calculation for Idle interest. The corrected amount was estimated as closely as possible. Multiple agencies reviewed the calculation and proposed solution which was a onetime correcting entry to Luma.

Anticipated Corrective Action Date: After fiscal year 2026

Responsible for Corrective Action: Laura Steffler, Chief Deputy Treasurer
laura.steffler@sto.idaho.gov
(208) 332-2999

Outstanding Prior Findings - Fiscal Year 2023

Idaho Office of the State Controller

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: Corrected. See Finding 2024-108 above.

Corrective Action Date: October 2024

Responsible for Corrective Action: Hanna Hall, Luma Administrator
hhall@sco.idaho.gov
(208) 334-3100

Idaho State Department of Education

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: Corrected. See Finding 2024-110 above.

Corrective Action Date: The Department took corrective action beginning in March 2023. The Department hired an auditor in December 2024 and implemented additional corrective actions in the spring of 2025.

Responsible for Corrective Action: Gideon Tolman, Chief Financial Officer
gtolman@sde.idaho.gov
(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: 2025-113 & 2024-113

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.

Reason for Recurrence: There were significant misstatements in the preparation of the grant advance closing package submitted for the 2025 ACFR.

The beginning balance included a net overstatement of $51.7 million due to the inclusion of prior interest amounts in the Grant Advance and other errors.

Additionally, the cash activity also included approximately $25 million in interest earnings, that would not be considered an advance and therefore should not have been included in the calculation of remaining Grant Advances in the closing package.

Additionally, the original closing package submission was overstated by $77.5 million with another $6.7 million possibly misstated for a total possible overstatement of $84.2 million.

Corrective Action Taken: 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 SEFA. 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.

Anticipated Corrective Action Date: Fiscal Year 2026

Responsible for Corrective Action: Justin Collins, Deputy Administrator | State Financial Officer
Justin.Collins@dfm.idaho.gov
(208) 854-3063

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: Corrected

Corrective Action Date: During Fiscal Year 2024

Responsible for Corrective Action: Jena Antrim, Financial Specialist, Principal
jena.antrim@tax.idaho.gov
(208) 332-6665

Outstanding Prior Findings - Fiscal Year 2022

Idaho State Department of Education

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

Related to Prior Finding: N/A

Current Status: Corrected. See Finding 2024-110 above.

Corrective Action Date: The Department took corrective action beginning in March 2023. The Department hired an auditor in December 2024 and implemented additional corrective actions in the spring of 2025.

Responsible for Corrective Action: Gideon Tolman, Chief Financial Officer
gtolman@sde.idaho.gov
(208) 332-6874

STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

MANAGEMENT'S FOLLOW-UP FOR
FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS

STATE OF IDAHO
CONTROLLER'S OFFICE
BRANDON D WOOLF

Summary Schedule of Prior Audit Findings - Single Audit
For the fiscal year ended June 30, 2025

Idaho Commission for the Blind and Visually Impaired

Finding Number 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.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The Commission submitted an updated CAP template and Statement of Total Costs for SFY25 for review by US Dept of Education – Indirect Cost Division. The Commission is currently getting fiscal technical assistance from RSA.

Anticipated Corrective Action Date: October 1, 2026.

Responsible for Corrective Action: Corey Bresina, Administrative Services Manager
cbresina@icbvi.idaho.gov
(208) 639-8369

Finding Number 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.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: Further work has been done to ensure accuracy of this reporting. Still working on creating Step-By-Step Internal Procedures (SOPs) which include:

- How to pull data from Luma
- Which accounts map to each RSA-17 line
- How to document reconciliations

- Who reviews and signs off on each section
- How to perform reviewer checks
- How to verify reconciliations
- Keep supporting documentation organized by line item
- Attach workpapers and reconciliation logs
- Maintain version-controlled files
- Document all adjustments and their justification

The Commission is currently getting intensive fiscal technical assistance from RSA

Anticipated Corrective Action Date: October 1, 2026.

Responsible for Corrective Action: Corey Bresina, Administrative Services Manager
cbresina@icbvi.idaho.gov
(208) 639-8369

Finding Number 2024-202: The Cost Allocation Plan (CAP) used in fiscal year 2024 was not approved by the RSA as required and contained multiple errors.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The Commission submitted an updated CAP template and Statement of Total Costs for SFY25 for review by US Dept of Education – Indirect Cost Division. The Commission is currently getting fiscal technical assistance from RSA.

The Commission is using the de minimus rate for indirect costs until the CAP or new rate has been negotiated.

Anticipated Corrective Action Date: The Commission does not have an anticipated corrective action date as the implementation depends upon when the ED-ICD can get to the submitted information as stated above.

Responsible for Corrective Action: Corey Bresina, Administrative Services Manager
cbresina@icbvi.idaho.gov
(208) 639-8369

Finding Number 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.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken:

- Management completed purchasing and procurement training with the Division of Purchasing (DOP) on December 18, 2025.
- Following the training, the agency began reviewing purchasing practices and establishing appropriate procurement procedures for client-related purchases.
- Vocational Rehabilitation Assistants (VRAs), who conduct the majority of client purchasing activities, were provided accounts with approved statewide vendors and trained in February 2026 on appropriate purchasing channels for technology and other goods.
- The agency has submitted multiple contracts to DOP for review and approval and has followed DOP guidance regarding procurement requirements, including submission of an Exemption from Solicitation Request and several Deputy Attorney General (DAG) reviews.
- The agency revised its Summer Program purchasing process and now creates individual client authorizations to ensure purchases are properly documented and approved.
- Additional staff training will be conducted on August 11, 2026 to reinforce state purchasing requirements, procurement procedures, documentation standards, and approval processes.
- Management will continue to monitor purchasing activities and consult with DOP as needed to ensure compliance with Idaho purchasing regulations.

The agency is committed to strengthening procurement controls and ensuring future purchases comply with Idaho state purchasing requirements. Management will continue working with DOP to address any questions regarding procurement processes and contract requirements.

Anticipated Corrective Action Date: The staff responsible for the majority of purchasing activities are currently operating under the revised procedures and DOP guidance. Full implementation, including training for all applicable staff, is anticipated by the end of August 2026.

Responsible for Corrective Action: Angela Starr, Office Services Supervisor
astarr@icbvi.idaho.gov
(208) 639-8374

Finding Number 2024-204: The Commission did not verify that vendors were not suspended or debarred prior to making federal grant payments.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The Commission created and implemented procedures to verify vendors are not debarred or suspended. Vendors are being verified quarterly following the new procedures.

Anticipated Corrective Action Date: All vendors that were paid in the federal fiscal year 2025 were verified by the Commission on November 28, 2025.

Responsible for Corrective Action: Laura Cortazar, Financial Technician
Laura.Cortazar@icbvi.idaho.gov
(208) 639-8376

Finding Number 2024-205: The Commission could not provide documentation to support the review of the Schedule of Expenditures of Federal Awards (SEFA) Closing Package.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Corey Bresina, Administrative Services Manager
cbresina@icbvi.idaho.gov
(208) 639-8369

Idaho Department of Commerce

Finding Number 2024-206: The Department did not complete required reports for the Federal Funding Accountability and Transparency Act (FFATA)

Federal Program: 21.029 - Coronavirus Capital Projects Fund

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Ewa Szewczyk, Compliance Manager
ewa.szewczyk@commerce.idaho.gov
(208) 287-0784

Idaho Office of the State Controller

Finding Number 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).

Federal Programs:

10.561 - Supplemental Nutrition Assistance Program
20.205 - Highway Planning and Construction Grant
21.027 - Coronavirus State and Local Fiscal Recovery Fund
84.425U - Education Stabilization Fund - ARPA ESSER III
93.044 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045 - Special Programs for the Aging, Title III, Part C, Nutrition Services
93.053 - Nutrition Services Incentive Program
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
93.568 - Low-Income Home Energy Assistance

93.575 - Child Care and Development Block Grant
93.658 - Foster Care Title IV-E
93.659 - Adoption Assistance
93.775 - State Medicaid Fraud Control Units
93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778 - Grants to States for Medicaid

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: The State Controller's Office acknowledges and agrees with this finding. The State Controller's 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 State Controller's Office will also dedicate a position to the findings follow up and corrective action plans from other agencies.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The State Controller's Office have requested and required more documentation from the agencies to verify the status provided.

The State Controller's Office will create an online depositary for the information that the State Controller's Office and the auditors can use to verify the finding status.

Anticipated Corrective Action Date: Corrective action will be implemented by September 30, 2026.

The creation of an online depository will be implemented during the fiscal year 2027 reporting year.

Responsible for Corrective Action: Tiffini LeJeune, Division Administrator
tlejeune@sco.idaho.gov
(208) 334-3100

Idaho State Department of Education

Finding Number 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.

Federal Program: 84.010 - Title I Grants to Local Educational Agencies

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: Allocations, earmarking, and eligibility summary reports were generated as companions to the regular Title I-A allocations process. These three documents were 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: Corrective action implemented October 1, 2025.
Responsible for Corrective Action: Gideon Tolman, Chief Financial Officer
gtolman@sde.idaho.gov
(208) 332-6874

Finding Number 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.

Federal Program: 84.010 - Title I Grants to Local Educational Agencies

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The Assessment and Accountability team 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: Corrective action implemented October 1, 2025.

Responsible for Corrective Action: Gideon Tolman, Chief Financial Officer
gtolman@sde.idaho.gov
(208) 332-6874

Finding Number 2024-210: The Department did not complete sufficient subrecipient monitoring for the Individuals with Disabilities Education Act (IDEA) program during fiscal year 2024.

Federal Programs: 84.027; 84.173 - Special Education Cluster

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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€. 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The Department completed 88 LEA monitors for the first three years in the cycle before the end of calendar year 2025. With the support of five contracted staff, 60 LEAs were reviewed

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.

Anticipated Corrective Action Date: Corrective action will be implemented after fiscal year June 30, 2025.

Responsible for Corrective Action: Gideon Tolman, Chief Financial Officer
gtolman@sde.idaho.gov
(208) 332-6874

Idaho Department of Environmental Quality

Finding Number 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.

Federal Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Linda Brown, Financial Executive Officer
linda.brown@deq.idaho.gov
(208) 373-0292

Finding Number 2024-212: The Department's Indirect Cost Rate Proposal (ICRP) contained multiple errors.

Federal Programs:

66.468 - Drinking Water State Revolving Fund
66.458 - Clean Water State Revolving Fund

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned Corrective Action: 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: DEQ reached out to the EPA Indirect Rate Cost Negotiator for direction and assistance while preparing the FY27 Indirect Cost Rate Proposal (ICRP). With assistance, the agency prepared the packet which was approved by EPA. The agency maintained supporting documentation for the information used.

Anticipated Corrective Action Date: Corrective action was implemented in December 2025.

Responsible for Corrective Action: Linda Brown, Financial Executive Officer
linda.brown@deq.idaho.gov
(208) 373-0292

Finding Number 2024-213: The Department did not have documentation to support the verification that grant subrecipients were not suspended or debarred.

Federal Program: 66.468 - Drinking Water State Revolving Fund

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Linda Brown, Financial Executive Officer
linda.brown@deq.idaho.gov
(208) 373-0292

Finding Number 2024-214: The Department does not have documented internal controls for cash draws and requested reimbursement for the same $175,500 grant expenditure twice.

Federal Program: 66.458 - Clean Water State Revolving Fund

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Linda Brown, Financial Executive Officer
linda.brown@deq.idaho.gov
(208) 373-0292

Finding Number 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.

Federal Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds

Related to Prior Finding: 2023-206

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Linda Brown, Financial Executive Officer
linda.brown@deq.idaho.gov
(208) 373-0292

Idaho Division of Financial Management

Finding Number 2024-216: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) project and expenditure reports (P&E) contained material overstatements.

Federal Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: 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
Justin.Collins@dfm.idaho.gov
(208) 854-3063

Idaho Department of Health and Welfare

Finding Number 2024-217: The Department lacked documentation to support continued eligibility for providers within the Medicaid program.

Federal Programs:

93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare; 93.778 - Grants to States for Medicaid

Related to Finding: 2024-223

Current Status: Not Corrected

Planned 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 are 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The Department extended the deadline for provider enrollment to ensure adequate and consistent information was shared about how providers enroll successfully.

Anticipated Corrective Action Date: The above action will be implemented by September 30, 2026. The below action will be implemented by October 1, 2026.

Additional Information: The final step to address the finding will be the execution of the final deadline.

Responsible for Corrective Action: Sasha O'Connell, Deputy Director
Sasha.OConnell@dhw.idaho.gov
(208) 334-5500

Finding Number 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.

Federal Programs:

93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare; 93.778 - Grants to States for Medicaid

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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. 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The Department is receiving the provider rosters at least annually. The Department will collect the additional information related to provider standing in the coming months.

The audits of the providers licenses, credentials, and standing will occur with the managed care provider enrollment project.

Anticipated Corrective Action Date: The Department anticipates implementation of their stated corrective action plan will be completed in September 2026.

Responsible for Corrective Action: Sasha O'Connell, Deputy Director
Sasha.OConnell@dhw.idaho.gov
(208) 334-5500

Finding Number 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.

Federal Programs:

93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare; 93.778 - Grants to States for Medicaid

Related to Prior Finding: N/A

Current Status: Partially Corrected

Planned 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 implementation strategies by 2027. Strategies will align with system updates and builds for both Self-Reliance and Medicaid.

Reason for Recurrence: Steps were taken to correct the issue but were not implemented until after fiscal year 2025.

Corrective Action Taken: The two cases identified during the Single Audit were a result of the first round of cases that went through the eligibility redetermination process when the COVID-19 Public Health Emergency (PHE) ended. A unique situation was uncovered and addressed. When the Division of Self Reliance was positioned to begin consistently completing redeterminations, it worked with the Division of Medicaid to have automation turned back on to close cases following regular program rules. A 1,000-person case file was sent to the Medicaid Enterprise System contractor Gainwell to be worked. Once that was completed, monthly files were sent. Automation for IBES was updated at the end of the PHE and resulted in correcting the issue related to the cases identified. Medicaid issued recoupment letters to managed care organizations for the ineligible members on June 30, 2026. As the State receives the recouped funds, we will reimburse CMS and update the CMS-64 reporting accordingly.

Anticipated Corrective Action Date: July 31, 2026

Responsible for Corrective Action: Angela Toomey, Deputy Administrator, Medicaid
angela.toomey1@dhw.idaho.gov
(986) 217-2260

Finding Number 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.

Federal Programs:

93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare; 93.778 - Grants to States for Medicaid

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Magnum Forkner, Financial Manager

magnum.forkner@dhw.idaho.gov
(208) 332-7241

Finding Number 2024-221: The Division of Medicaid did not document the review and approval of the audited financial reports of the Managed Care Organizations (MCO).

Federal Programs:

93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare; 93.778 - Grants to States for Medicaid

Related to Prior Finding: 2023-224

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Sasha O'Connell, Deputy Director
Sasha.OConnell@dhw.idaho.gov
(208) 334-5500

Finding Number 2024-222: Four 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 - Grants to States for Medicaid

Related to Prior Finding: 2023-223

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: Additional delay was needed to ensure that providers were aware of the changes, consequences, and that requirements were communicated clearly. An Information Release was

posted that explained further details and the resulting timeline for providers to enroll by August 31, 2026. After this date providers may have their claims denied and/or provider agreements terminated.

Anticipated Corrective Action Date: December 31, 2026

Responsible for Corrective Action: Sasha O'Connell, Deputy Director
Sasha.OConnell@dhw.idaho.gov
(208) 334-5500

Finding Number 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.

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

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Dena Darpli, Financial Manager
dena.darpli@dhw.idaho.gov
(208) 334-4909

Finding Number 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.

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: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The deeper reviews being performed during reconciliations continue to highlight areas where workpaper adjustments may be needed as some of the templates used may be outdated since transitioning to Luma. We continue fixing these issues as they are discovered. Unfortunately, a very similar issue was recently noted by auditors during work on the SFY25 Single Audit.

The agency plans to develop grant specific checklists for preparation and review of grant workpapers. This will help to ensure staff are focusing on the specific nuances of each particular grant when preparing and reviewing workpapers.

Anticipated Corrective Action Date: June 30, 2027

Responsible for Corrective Action: Dena Darpli, Financial Manager
dena.darpli@dhw.idaho.gov
(208) 334-4909

Finding Number 2024-225: Amounts reported as provided to subrecipients by financial services on the Schedule of Expenditures of Federal Assistance (SEFA) are not properly supported.

Federal Programs:
10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children
93.558- Temporary Assistance for Needy Families
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: 2023-208, 2022-211, and 2021-206

Current Status: Not Corrected

Planned Corrective Action: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: For major grants, Financial Services staff sent a summary of transactions coded as subrecipient payments to the program manager to review prior to inclusion in the SEFA closing package. The review was 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.

Anticipated Corrective Action Date: Per the agency, corrective action was implemented on September 5, 2025.

Responsible for Corrective Action: Dena Darpli, Financial Manager
dena.darpli@dhw.idaho.gov
(208) 334-4909

Finding Number 2024-226: The Bureau of Facility Standards within the Department failed to complete timely health and safety surveys for three long-term care facilities.

Federal Programs:

93.777 – State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare 93.778 – Grants to States for Medicaid

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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 multidisciplined 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: Two federal government shutdowns during this FFY limited BFS's ability to conduct recertification surveys. To maintain compliance, we contracted with Healthcare Management Solutions (HMS) in May 2026 to complete six recertification surveys. Additionally, we hired and trained three surveyors, which increased our survey capacity and supported realignment with required timelines.

Anticipated Corrective Action Date: Per the agency, contracting with HMS was initiated on May 1, 2026.

Responsible for Corrective Action: Nate Elkins, Programs Bureau Chief, Licensing & Certification
nate.elkins@dhw.idaho.gov
(208) 364-1874

Finding Number 2024-227: The review and approval of the annual updates to the Low-Income Home Energy Assistance Program (LIHEAP) benefits matrix were not documented.

Federal Program: 93.568 - Low-Income Home Energy Assistance

Related to Prior Finding: 2023-211

Current Status: Corrected

Corrective Action Date: Implemented with the LIHEAP season beginning October 1, 2024.

Responsible for Corrective Action: Kristin Matthews, Programs Bureau Chief, Self Reliance
kristin.matthews@dhw.idaho.gov
(208) 334-5553

Finding Number 2024-228: The review of the Low-Income Home Energy Assistance Program (LIHEAP) earmarking compliance requirements was not documented.

Federal Program: 93.568 - Low-Income Home Energy Assistance

Related to Prior Finding: 2023-212

Current Status: Corrected

Corrective Action Date: March 25, 2025

Responsible for Corrective Action: Kristin Matthews, Programs Bureau Chief, Self Reliance
kristin.matthews@dhw.idaho.gov
(208) 334-5553

Finding Number 2024-229: Low-Income Home Energy Assistance Program (LIHEAP) special reports did not include a review for accuracy and compliance prior to submission.

Federal Program: 93.568 - Low-Income Home Energy Assistance

Related to Prior Finding: 2023-210

Current Status: Corrected

Corrective Action Date: April 8, 2024

Responsible for Corrective Action: Kristin Matthews, Programs Bureau Chief, Self Reliance
kristin.matthews@dhw.idaho.gov
(208) 334-5553

Finding Number 2024-230: The Department did not provide documented support to verify the accuracy of a LIHEAP performance report.

Federal Programs: 93.568 - Low-Income Home Energy Assistance

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The agency established updated processes following the receipt of the 2023 audit report.

Anticipated Corrective Action Date: Per the agency, corrective action was completed following the receipt of the 2023 audit report.

Responsible for Corrective Action: Kristin Matthews, Programs Bureau Chief, Self Reliance
kristin.matthews@dhw.idaho.gov
(208) 334-5553

Finding Number 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.

Federal Program: 93.391 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises

Related to Prior Finding: 2023-222

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Traci Berreth, Division Administrator
traci.barreth@dhw.idaho.gov
(208) 334-5774

Finding Number 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.

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

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Dena Darpli, Financial Manager
dena.darpli@dhw.idaho.gov
(208) 334-4909

Finding Number 2024-233: The submission of Child Care and Development Fund (CCDF) financial report was 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

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Dena Darpli, Financial Manager
dena.darpli@dhw.idaho.gov
(208) 334-4909

Finding Number 2024-234: Payroll adjustments lacked sufficient internal controls.

Federal Programs:

93.268 - Immunization Cooperative Agreements
93.558 - Temporary Assistance for Needy Families
93.575 - Child Care and Development Block Grant
93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778 - Grants to States for Medicaid

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The department implemented updated internal controls to ensure proper separation of duties and complete documentation for all payroll adjustments. Staff now prepare accounting adjustments using either the Infor Spreadsheet Designer (ISD) template for large-volume entries or an Excel template for smaller adjustments. Because ISD entries cannot be reviewed within the system after upload, the completed ISD file is sent to a Financial Specialist Principal (or higher) for review and email approval prior to upload; the approval email is then attached to the adjustment record in the system. For smaller adjustments, staff attach the Excel template, original general ledger lines, and supporting documentation when submitting the manual adjustment. These entries automatically route to a Financial Specialist Principal (or higher) for review and approval before posting, with the system capturing the approval in the audit log. These controls ensure all adjustments receive independent review and maintain consistent supporting documentation.

As reported in the prior year's response, the budget team completed updates to the payroll adjustment process to ensure all adjustments include sufficient documentation and clearly demonstrate proper internal controls. ISD uploads do not require approval in the system, so they are routed prior to upload for review. The reviewer, Financial Specialist Principal (or higher), provides email approval and the email is attached in the system after the upload is complete. For simple adjustment, the Excel template is attached, and the journal entry routes to a principal or better for review. The system documents the approval in the audit log.

Anticipated Corrective Action Date: Fiscal year 2026

Responsible for Corrective Action: Magnum Forkner, Financial Manager
magnum.forkner@dhw.idaho.gov
(208) 332-7241

Idaho Department of Labor

Finding Number 2024-235: Quarterly financial reports for the Social Security Disability (DI) grant were submitted after the required deadline.

Federal Program: 96.001 - Social Security Disability Insurance

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: The Department is in the process of implementing new policies and procedures related to the timely submissions of the quarterly financial reports. The corrective action plan is expected to be fully implemented in state fiscal year 2026.

Corrective Action Taken: The agency followed all the steps lined out in their corrective action plan as spelled out in detail and developed process maps to streamline closing processes. The agency met internally (accounting management and cost accounting/payroll) to review the payroll cycles and timing for critical quarter-end months. The agency set goals for expedited closes on those months, based on when reports would be due and implemented the changes. Closing happened in accordance with this plan and the agency has been able to get their financial reporting team the data they needed timely, allowing for timely submission of the report to the agency's federal partner.

Anticipated Corrective Action Date: Anticipated Completion Dates:

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
- 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

• Completed by January 30, 2026, for the December 31, 2025 quarter close

Responsible for Corrective Action: Carrie Peterman, Financial Executive Officer Accounting
Carrie.peterman@labor.idaho.gov
(208) 696-2533

Finding Number 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.

Federal Program: 17.225 - Unemployment Insurance

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: We **a**dded review sign-off to the electronic workpapers. Individual completing the report filing will not upload data into federal system until sign-off is completed.

We have followed all the steps lined out in our corrective action plan as spelled out in detail. We developed process maps to streamline closing processes. We met internally (accounting management and cost accounting/payroll) to review the payroll cycles and timing for critical quarter-end months. We set goals for expedited closes on those months, based on when reports would be due and we implemented the changes. Closing has happened in accordance with this plan and we have been able to get our financial reporting team the data they needed timely, allowing for timely submission of the report to our federal partner.

Although these expedited closes mean evening and weekend work for a small handful of staff, IDOL staff recognize the importance of filing reports timely and have accepted this occasional disruption to the normal work week.

Anticipated Corrective Action Date: Completion Dates:

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
- 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
- Completed by January 30, 2026, for the December 31, 2025 quarter close

Responsible for Corrective Action: Carrie Peterman, Financial Executive Officer Accounting
Carrie.peterman@labor.idaho.gov
(208) 696-2533

Idaho Division of Vocational Rehabilitation

Finding Number 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.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The following actions were taken:

1.1 Being completed with technical assistance support and should be finalized in August 2026 prior to next RSA-17 reports coming due.
1.2 Completed for the final FFY24 report that was submitted in February 2026.
1.3 First completed with the submission of the final FFY24 RSA-17 in February 2026.
1.4 IDVR completed the restatement process with RSA for the 2022-2024 reports. Currently completing corrections for the 'Through 9/30/2025 RSA-17' for FFY25 with RSA.

IDVR has implemented SLT review and validation of RSA-17 documentation that is completed prior to submission of reports. This process was completed on the final RSA-17 for FFY24 that was submitted in February 2026.

Anticipated Corrective Action Date: Corrective action is ongoing. The anticipated alignment with RSA was implemented in July 2026 to accept required corrections for the 'Through 9/30/2025 FFY25' report.

Responsible for Corrective Action: MiKayla Monaghan, Deputy Administrator
MiKayla.Monaghan@vr.idaho.gov
(208) 287-6479

Finding Number 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.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The following actions were taken:

2.1 Grants Management Manual is in use, but is still being updated with RSA for approval under IDVR's CAP with RSA.
2.2 IDVR Leadership and Fiscal Team completed RSA-17 training with the TAC on May 26th, 2026. IDVR has been receiving TA from the VR TAC and RSA for the past two years, both topics have been included in these various TA sessions.
2.3 RSA-17 reporting that determines Match, LOE, and Pre-ETS reservation (earmarking) are being reviewed by SLT prior to submission. The first round of this occurred with the completion and submission of the final RSA-17 for FFY24 that was submitted in February 2026.

The agency will complete drafting of Grants Management Manual and Procedures and implement approved documents and train staff after approval from RSA is provided.

Anticipated Corrective Action Date: Corrective action is ongoing. To be decided in coordination with RSA.

Responsible for Corrective Action: MiKayla Monaghan, Deputy Administrator
MiKayla.Monaghan@vr.idaho.gov
(208) 287-6479

Finding Number 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.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The Grants Management Manual is currently under review with RSA. Ongoing Period of Performance Training and Reviews are occurring. IDVR is engaging with the TAC to schedule all staff Period of Performance Training.

The Schedule Period of Performance Training to be completed by the TAC for all IDVR staff.

Anticipated Corrective Action Date: Corrective action is ongoing. The Schedule of Performance Training is anticipated to be implemented in September 2026.

Responsible for Corrective Action: MiKayla Monaghan, Deputy Administrator
MiKayla.Monaghan@vr.idaho.gov
(208) 287-6479

Finding Number 2024-240: The Division is not following Idaho Administrative Rules for Purchasing as required by federal requirements.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: Addressing procurement alignment with RSA to implement contracts with CRP service providers and working on the Grants Management Manual to include procurement policy and procedures. Also has submitted rate setting and purchase of services policy to RSA for approval, still pending approval. IDVR received approval from RSA on 6/16/2026 for contract drafts for CRPs but is awaiting approval of the manuals that are an attachment to the contracts and outline contract requirements in the attachment.

The agency will work with DOP to update IDVR's Policy Directive for procurement specific to IDVR participant services.

Anticipated Corrective Action Date: October 2026

Responsible for Corrective Action: MiKayla Monaghan, Deputy Administrator
MiKayla.Monaghan@vr.idaho.gov
(208) 287-6479

Finding Number 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.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Not Corrected

Planned 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: Training was completed for the Financial Technician Sr and updated practices have been implemented to assure routine review of SAM,gov for vendors as outlined in attached documents referencing SAM checks completed by Financial Technician Sr. Approval from RSA on GMM chapter is pending. Training of all Financial Staff will be completed after approval from RSA.

The agency will complete all fiscal training after approval of GMM documents is received from RSA. QA will then be completed and implemented based on the approval from RSA on this section of policy.

Anticipated Corrective Action Date: October 2026

Responsible for Corrective Action: MiKayla Monaghan, Deputy Administrator
MiKayla.Monaghan@vr.idaho.gov
(208) 287-6479

Finding Number 2024-242: The Division did not accurately report federal grant expenditures on the Schedule of Expenditures of Federal Awards (SEFA) Closing Package.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: MiKayla Monaghan, Deputy Administrator
MiKayla.Monaghan@vr.idaho.gov
(208) 287-6479

Finding Number 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.

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: MiKayla Monaghan, Deputy Administrator
MiKayla.Monaghan@vr.idaho.gov
(208) 287-6479

Idaho Department of Water Resources

Finding Number 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.

Federal Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Sascha Marston, Financial Officer
Sascha.marston@idwr.idaho.gov
(208) 287-4819

Outstanding Prior Findings - Fiscal Year 2023

Idaho Department of Administration

Finding Number 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.

Federal Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds

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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken: The Department transferred the remaining $6,969,325.15 (as of 3/6/2024) of CSLFRF funds into a separate reporting program (LUMA Finance Dimension3 2009390). The Department processed quarterly reconciliations utilizing the quarterly reports from the insurance carrier, and reclassed expenditures to reflect the designated program. These transactions were then queried each year and reported on the SEFA. These monies have since been exhausted. Future federal awards must be deposited into a federal funding source in the LUMA fund Hierarchy or clearly delineated from non-federal funding sources to ensure proper reporting on the SEFA. The Department will look to SCO for guidance on appropriate fund usage.

Anticipated Corrective Action Date: June 30, 2025

Responsible for Corrective Action: Glenda Smith, Chief Financial Officer
Glenda.Smith@adm.idaho.gov
(208) 332-1815

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 (SLFRF) program.

Federal Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2024.

Responsible for Corrective Action: Cindy, McMackin, Financial Manager
CMcmacki@idoc.idaho.gov
(208) 658-2000

Idaho Department of Environmental Quality

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 Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds

Related to Prior Finding: 2024-215

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

Responsible for Corrective Action: Linda Brown, Financial Executive Officer
linda.brown@deq.idaho.gov
(208) 373-0292

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: 2024-225, 2022-211 & 2021-206

Current Status: Not 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken:

1. The Department has worked with the State Controller's Office to develop reports that will provide the required information for drafting the SEFA. In addition, verifications of subrecipient coding have been performed for major programs.

2. Luma reports used for the preparation of the SEFA will be reconciled with Luma reports used in federal grant reporting to ensure there are no variations in data.

Anticipated Corrective Action Date: Per agency, the corrective action 1 is anticipated to be implemented by June 30, 2026. The corrective action 2 is anticipated to be implemented by August 31, 2026.

Responsible for Corrective Action: Randena P. Darpli, Financial Manager
Dena.Darpli@dhw.idaho.gov
(208) 334-4909

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 Program: 93.568 – Low-Income Home Energy Assistance

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: April 8, 2024

Responsible for Corrective Action: Kristin Matthews, Bureau Chief, Division of Self-Reliance
Kristin.Matthews@dhw.idaho.gov
(208) 334-5553

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 Program: 93.568 – Low-Income Home Energy Assistance

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Implemented with the LIHEAP season beginning October 1, 2024.

Responsible for Corrective Action: Kristin Matthews, Bureau Chief, Division of Self-Reliance
Kristin.Matthews@dhw.idaho.gov
(208) 334-5553

Finding Number 2023-212: The review of the Low-Income Home Energy Assistance Program (LIHEAP) earmarking compliance requirements was not documented.

Federal Program: 93.568 – Low-Income Home Energy Assistance
Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: March 25, 2025

Responsible for Corrective Action: Kristin Matthews, Bureau Chief, Division of Self-Reliance
Kristin.Matthews@dhw.idaho.gov
(208) 334-5553

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 Program: 93.391 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises.

Related to Prior Finding: 2024-231

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2025.

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: 2024-222

Current Status: Not 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.

Reason for Recurrence: There wasn't time to implement the corrective action plan before the end of fiscal year 2025.

Corrective Action Taken:

1. The Department extended the deadline for provider enrollment to ensure adequate and consistent information was shared about how providers enroll successfully.
2. The final step to address the finding will be the execution of the final deadline

Anticipated Corrective Action Date: Per agency, the corrective action 1 is anticipated to be implemented by September 30, 2026. The corrective action 2 is anticipated to be implemented by October 1, 2026.

Responsible for Corrective Action: Sasha O'Connell, Deputy Director
Sasha.OConnell@dhw.idaho.gov
(208) 334-5500

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: Corrected

Corrective Action Taken: September 2024

Responsible for Corrective Action: Sasha O'Connell, Deputy Director
Sasha.OConnell@dhw.idaho.gov
(208) 334-5500

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 Program: 20.205 – Highway Planning and Construction Grant

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Taken: Corrective action was implemented during fiscal year 2024.

Responsible for Corrective Action: Monica Crider, PE, State Design Engineer
Monica.Crider@itd.idaho.gov
(208) 334-8502

Outstanding Prior Findings – Fiscal Year 2022

Idaho Commission on Aging

Finding Number 2022-201: The Commission did not complete the required Federal Financial SF-425 Report for the Aging Cluster Grant program in a timely manner.

Federal Programs: 93.044, 93.045, 93.053 - Aging Cluster

Related to Prior Finding: N/A

Current Status: Partially Corrected

Planned Corrective Action: Actions have been taken to complete SF-425 reports as they come due for each grant. A reporting workbook has been created to track awards and reporting dates. Reporting period end dates and due dates will be added to fiscal staff calendars. We will continue to keep our federal partners appraised of our progress through completion.

Reason for Recurrence: Steps were taken to correct the issue but were not implemented until after the fiscal year 2025 SEFA.

Corrective Action Taken: All outstanding Aging Cluster Grant Federal Financial Reports (SF-425) were finalized and submitted to ensure compliance with federal reporting requirements. Completing the reports resolved the backlog, restored alignment with federal grant management expectations, and ensured the agency was again current on all required submissions.

Anticipated Corrective Action Date: All SF-425 Reports were fully completed and submitted by January 31, 2026

Additional Information: Following completion of the reports, the agency has consistently maintained timely submission of all subsequent financial reports. This demonstrates improved internal controls and adherence to grant management timelines, helping to prevent recurrence of the issue.

Responsible for Corrective Action: Gregory Floyd, Senior Financial Specialist
gregory.floyd@aging.idaho.gov
(208) 577-2864

Idaho State Department of Education

Finding Number 2022-205: An expenditure was made by the Department for unallowable activities from the Elementary and Secondary School Emergency Relief (ESSER) program.

Federal Program: 84.425U - Education Stabilization Fund - ARPA ESSER III

Related to Prior Finding: N/A

Current Status: Corrected

Corrective Action Date: Corrective action was implemented during fiscal year 2024.

Responsible for Corrective Action: Gideon Tolman, Chief Financial Officer
gtolman@sde.idaho.gov
(208) 332-6874