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## Indirect Support Services Joint Finance-Appropriations Committee

**David N. Taylor, CPA, CFE**  
Deputy Director

**January 19, 2015**



## Today's Presentation

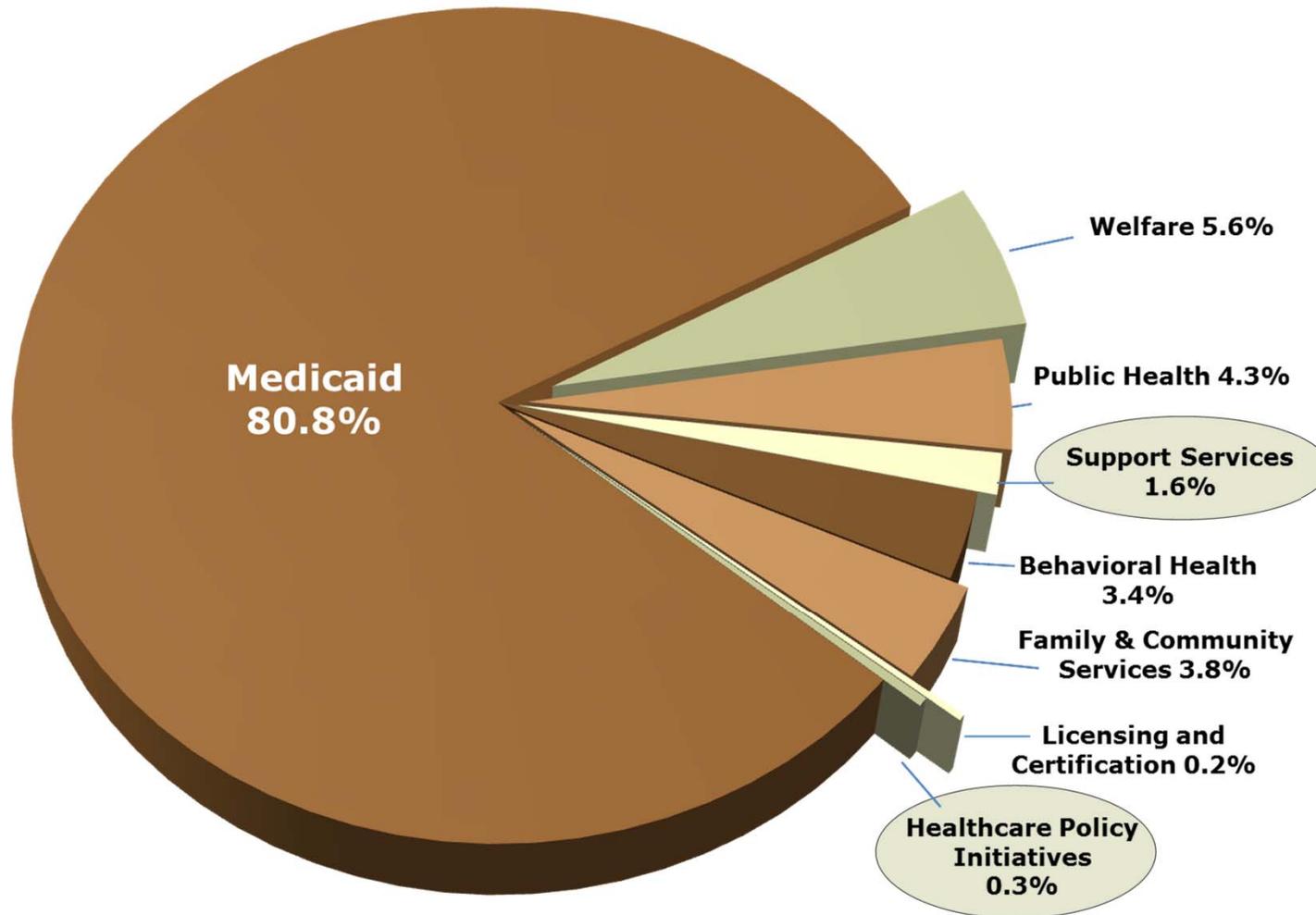
- Overview of the Governor's 2016 recommended budget for:
  - Indirect Support Services
  - Office of Healthcare Policy Initiatives
- Department wide Full-Time Position (FTP) adjustments
- Update on the Southwest Idaho Treatment Center (SWITC) Master Plan
- Report on Legislative intent language
- Summary and review of the Department's Legislative Audit findings



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## DHW SFY 2016 Recommendation





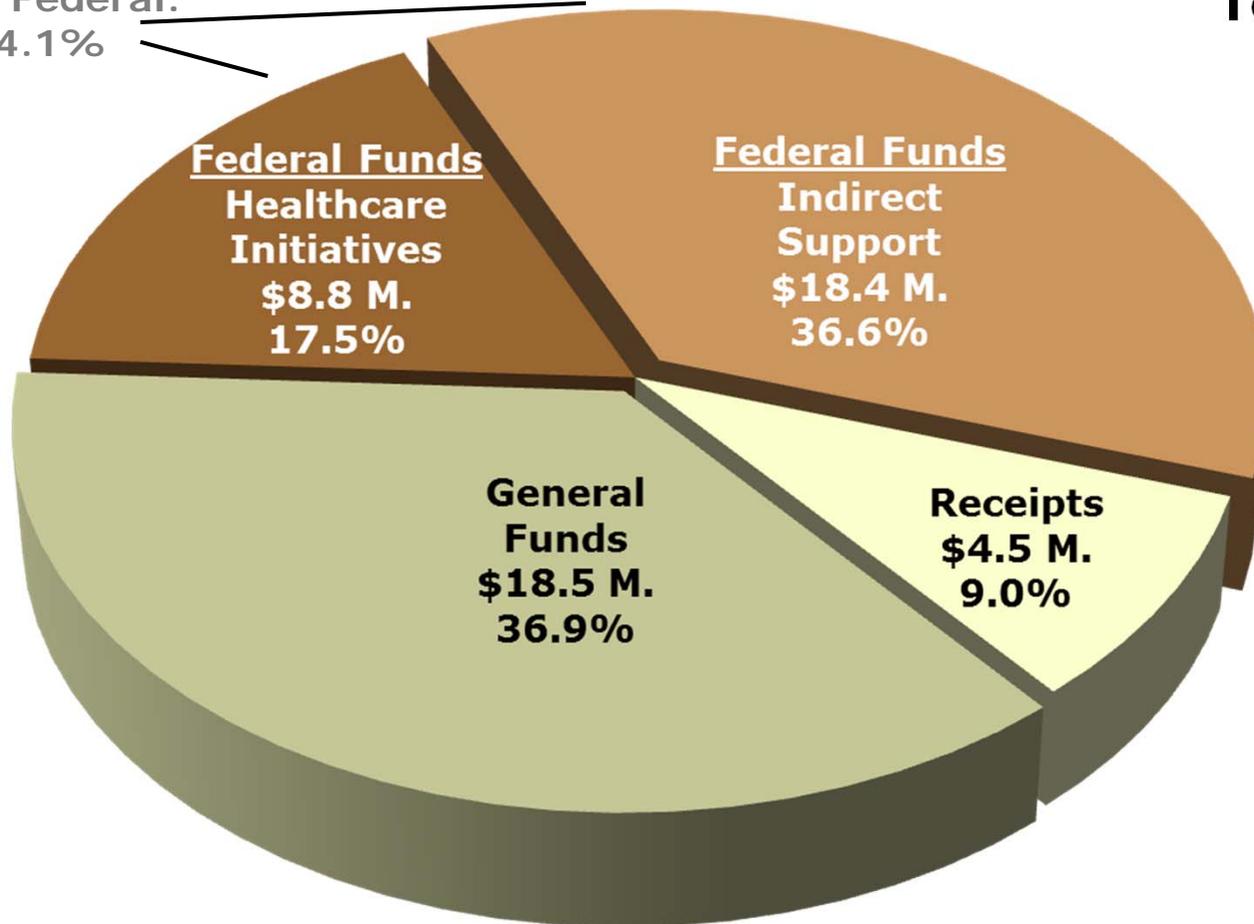
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## SFY 2016 Indirect Recommendation by Fund Source

Total Federal:  
54.1%

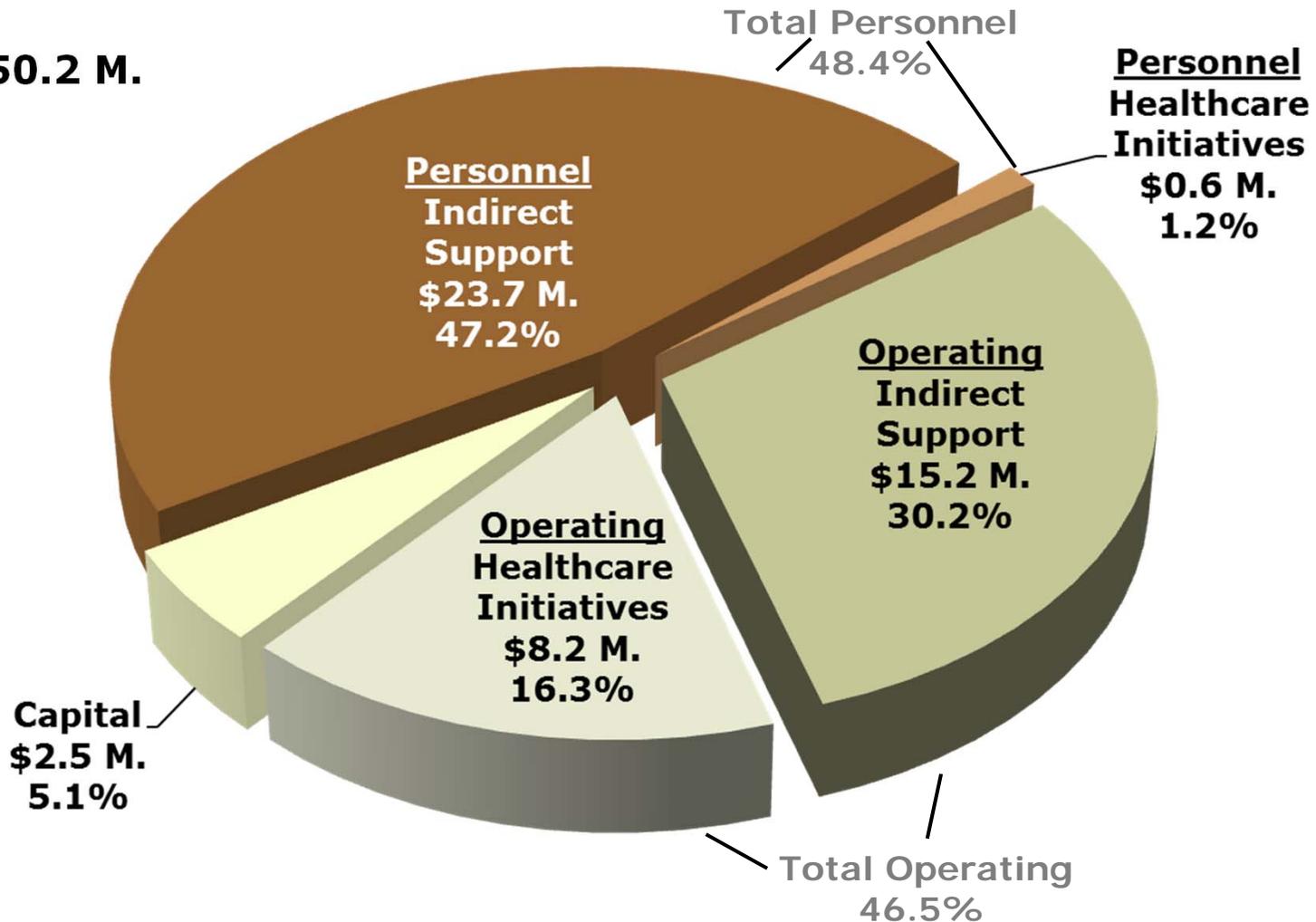
**Total: \$50.2 M.**





## SFY 2016 Indirect Recommendation by Object

Total: \$50.2 M.





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## **Indirect Support Services**

- **Office of Financial Services**
- **Division of Information Technology Services**
- **Division of Operational Services**
- **Bureau of Audits & Investigations**



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## **Governor's Recommended Budget**

### **SFY 2015 - Supplemental:**

- 1) Eligibility for health insurance subsidy**

### **SFY 2016 – Program Maintenance:**

- 2) Replacement items**

### **SFY 2016 - Line Items:**

- 3) Eligibility for health insurance subsidy**
- 4) Medicaid hearings to Attorney General's (AG) Office**

### **Healthcare Policy Initiatives**

- 5) State Healthcare Innovation Plan (SHIP)**
  - a) One supplemental and one line item**



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## Shared Eligibility Services

### LBB 2-32: Line #1 – Supplemental

This decision unit reflects receipts collected as reimbursement from Your Health Idaho (YHI) for salaries and benefit costs for information technology staff, operating costs, and one-time development costs. The requirement for a shared eligibility system was not known during the last legislative session, therefore resulting in the need for this supplemental.

	Ongoing Dedicated Funds	One-Time Dedicated Funds	Ongoing Federal Funds	One-Time Federal Funds	Total
<b>Personnel</b>	\$ 254,600	\$ 2,679,200	\$ (254,600)	\$ (2,679,200)	\$ -
<b>Operating</b>	\$ 120,600	\$ 551,300	\$ (120,600)	\$ (551,300)	\$ -
<b>Total</b>	\$ 375,200	\$ 3,230,500	\$ (375,200)	\$ (3,230,500)	\$ -



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## Shared Eligibility Services

### LBB 2-36: Line #13 – Line item

This decision unit reflects reimbursement from Your Health Idaho (YHI) for one-time development costs and includes a one-time federal fund reduction in spending authority to align costs with budget.

	<b>One-Time Dedicated Funds</b>	<b>One-Time Federal Funds</b>	<b>Total</b>
<b>Personnel</b>	\$ 1,442,600	\$ (1,442,600)	\$ -
<b>Operating</b>	\$ 296,900	\$ (296,900)	\$ -
<b>Total</b>	\$ 1,739,500	\$ (1,739,500)	\$ -



## Replacement Items

### LBB – 2-35: One-time

Governor recommends \$3,048,000 for replacement items, including 43 vehicles (1998 to 2007) with mileage ranging from 120,228 to 155,070; data information security system; a two-factor authentication system for remote access; field office network switches, replacement network routers, fiber optic aggregation switches, VPN appliances, and video conferencing systems.

	Number of units	Average Unit cost	One-Time General Funds	One-Time Federal Funds	Total
<b>Vehicles</b>	43	\$ 22,379	\$ 491,900	\$ 470,400	\$ 962,300
<b>Intrusion Protection System</b>	1	\$ 225,000	\$ 135,000	\$ 90,000	\$ 225,000
<b>Two-Factor Auth. For Remote Access</b>	1	\$ 275,000	\$ 165,000	\$ 110,000	\$ 275,000
<b>Network Switches</b>	120	\$ 4,295	\$ 309,200	\$ 206,200	\$ 515,400
<b>Network Routers</b>	27	\$ 5,752	\$ 93,200	\$ 62,100	\$ 155,300
<b>Network Core Upgrades</b>	5	\$ 47,000	\$ 141,000	\$ 94,000	\$ 235,000
<b>VPN Appliances</b>	3	\$ 72,000	\$ 129,600	\$ 86,400	\$ 216,000
<b>Video Conferencing Systems</b>	32	\$ 14,500	\$ 278,400	\$ 185,600	\$ 464,000
<b>Total</b>			\$ 1,743,300	\$ 1,304,700	\$ 3,048,000



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## Support Staff FTP to AG Office

### LBB 2-36: Line #35 – Line item

The Governor recommends the transfer of 2.0 FTP and funding from Indirect Support Services to the Office of Attorney General. The FTP are support staff to employees in the Office of the Attorney General and therefore would be better managed by their office.

<u>FTP</u>	Ongoing General Funds	Ongoing Federal Funds	Total
<b>(2) Personnel</b>	\$ (57,400)	\$ (51,300)	\$ (108,700)



## State Healthcare Innovation Plan (SHIP)

### LBB 2-33: Line #4 – Supplemental

The Governor recommends one-time federal fund spending authority for the State Healthcare Innovation Plan (SHIP) and placing it in the newly-proposed Office of Healthcare Policy Initiatives within DHW. The plan engaged multiple stakeholders from around the state including healthcare providers, insurance providers, and consumers.

<u>FTP</u>		<b>One-Time Federal Funds</b>
<b>8 7</b>	<b>Personnel</b>	\$ 250,000
	<b>Operating</b>	\$ 3,229,800
	<b>Total</b>	<u>\$ 3,479,800</u>
(1 FTP is ongoing; 7 6 FTP are limited service)		



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## State Healthcare Innovation Plan (SHIP)

### LBB 2-33: Line #4 + LBB 2-35: Annualization

The Governor recommends one-time federal fund spending authority for the State Healthcare Innovation Plan (SHIP). SHIP is a plan to redesign the current healthcare system in Idaho by moving the current fee-for-services system to a value-based system while improving health outcomes. The plan engaged multiple stakeholders from around the state including healthcare providers, insurance providers, and consumers.

<u>FTP</u>		<b>One-Time Federal Funds</b>
<b>7 6</b>	<b>Personnel</b>	\$ 600,000
	<b>Operating</b>	\$ 8,172,100
	<b>Total</b>	<b>\$ 8,772,100</b>
<b>(7 6 FTP are limited service)</b>		



## Conversion of Group Positions to FTP

<b><u>Detail on Group Position Conversion</u></b>	
Adult Mental Health	3.18
Child Welfare	2.09
Children's Mental Health	0.67
EMS	0.67
Public Health	1.34
Self Reliance	9.38
State Hospital North	1.34
State Hospital South	14.07
SWITC	(5.00)
<b>Total:</b>	<b>27.74</b>



## Summary of Department FTP Changes

Summary of Department FTP Changes		
		<u>Totals</u>
<b>FY15 Original App - total FTP authority</b>		<b>2,847.16</b>
Convert Group Positions to Permanent		27.74
<u>Transfer to Attorney General</u>		(5.00)
From vacant FTP authority @ SWITC	(3.00)	
From Support Services	(2.00)	
<u>Transfer within the department</u>		-
To Welfare - SNAP Multi-Day	3.00	
To Lic & Cert - New Surveyors	4.00	
From vacant FTP authority @ SWITC	(7.00)	
Net Reduction for Medically Indigent		(0.10)
<b>FY16 Governor's Rec - total FTP authority</b>		<b>2,869.80</b>



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## **Southwest Idaho Treatment Center (SWITC)**

**During the 2012 Legislative Session the Department received a dedicated fund appropriation of \$1.75 million to do the following:**

- **Reconstruct roadway access on Ridgecrest Drive to the Southwest Idaho Treatment Center (SWITC) in Nampa**
- **Source of funds: Sale of land to Department of Transportation - \$1.5 million**
- **Prepare a master plan for the SWITC campus**
- **Source of funds: Sale of office building in Idaho Falls - \$250k**



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## **SWITC Road and Master Plan Update**

- **Ridgecrest Road realignment project was completed by the City of Nampa in the fall of 2014.**
- **The master plan is complete and is available for review.**
- **Master plan is available on DHW's website**



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## SWITC Master Plan Results & Update

- Master plan was shared with Canyon County legislators in attendance at a December 8, 2014 unveiling
- The master plan was made public at a Nampa City Council meeting on December 15, 2014
- The Land Group estimates the value of the 607-acre campus at \$127 million
- Next Steps:
  - The Land Group has started the Design Review process
  - The timing for the selling of the property and the use of the proceeds will be decided by the Governor and the Legislature
  - The State will not be the developer of the land



## Medicaid Program Integrity Unit

### 2014 Legislative Intent Language – S 1384:

Quarterly reports to DFM and LSO on performance to compare total costs to collections.

	<u>SFY 2012</u>	<u>SFY 2013</u>	<u>SFY 2014</u>
Overpayments Identified	\$ 1,624,987	\$ 3,461,010	\$ 3,320,008
Overpayments Collected	\$ 1,474,150	\$ 2,426,125	\$ 2,660,073
Total Costs	\$ 1,033,209	\$ 1,210,786	\$ 1,178,557
<b>Net Recovered</b>	\$ 440,941	\$ 1,215,339	\$ 1,481,516
Federal Funds Recovered	\$ 395,883	\$ 640,529	\$ 887,308
General Funds Recovered	\$ 45,058	\$ 574,810	\$ 594,208
	\$ 440,941	\$ 1,215,339	\$ 1,481,516



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## Steps Taken to Improve Responsiveness to Legislative Audit Findings

- Provided two day workshop on new Federal grant administration requirements:
  - 50+ participants from budget & programs
  - Training received high marks
  - Will make an annual event
- Organized workgroup to improve training and compliance within programs administered by the Department
- Divisions are redirecting resources to audit compliance



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## Steps Taken to Improve Responsiveness to Legislative Audit Findings (cont'd)

- Continued monthly meetings with staff responsible for addressing audit findings.
- Held monthly or as-needed meetings with Legislative Audit's managing auditor and senior staff auditor assigned to the Department.
- Utilizing DHW's internal audit team to assist the development and establishment of appropriate procedures for subrecipient monitoring.
  - For example the Department's review of Public Health Districts.



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## Legislative Audit Findings – SFY 2011

	SFY 2011 Single Audit Report	SFY 2012 Single Audit Report	SFY 2013 Single Audit Report	
<b>Date of Issuance:</b>	<b><u>5/11/2012</u></b>	<b><u>3/29/2013</u></b>	<b><u>3/31/2014</u></b>	
<b><u>SFY 2011</u></b>				
<b># of Open Findings:</b>	17	3	2	[A]
<b># of Closed Findings:</b>	-	14	15	
<b>Total # of Findings:</b>	17	17	17	
<b><u>Note A: Open Findings</u></b>				
Support Services:	1			
Welfare:	1			
	2			



## Legislative Audit Findings – SFY 2012

	SFY 2012 Single Audit Report	SFY 2012 90-Day Follow-up	SFY 2013 Single Audit Report	
<b>Date of Issuance:</b>	<b><u>3/29/2013</u></b>	<b><u>8/12/2013</u></b>	<b><u>3/31/2014</u></b>	
<b><u>SFY 2012</u></b>				
<b># of Open Findings:</b>	14	12	6	[B]
<b># of Closed Findings:</b>	-	2	8	
<b>Total # of Findings:</b>	14	14	14	
<b><u>Note B: Open Findings</u></b>				
Support Services:	3			
Welfare:	1			
Behavioral Health:	1			
Public Health:	1			
	6			



# Legislative Audit Findings – SFY 2013

	SFY 2013 Single Audit Report	SFY 2013 90-Day Follow-up	
<b>Date of Issuance:</b>	<b><u>3/31/2014</u></b>	<b><u>11/19/2014</u></b>	
<b>SFY 2013</b>			
<b># of Open Findings:</b>	12	10	[C]
<b># of Closed Findings:</b>	-	2	
<b>Total # of Findings:</b>	<u>12</u>	<u>12</u>	
<b>Note C: Open Findings</b>			
Support Services:	5		
Welfare:	5		
	<u>10</u>		



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## Legislative Audit Findings – SFY 2012

**Finding 12F-09:** Child care costs incurred prior to the period of availability were inappropriately charged to the Child Care grant.

### **Status per Single Audit Report - 3/31/2014:**

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



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## Legislative Audit Findings – SFY 2012

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

**Status per Single Audit Report - 3/31/2014:**

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



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## Legislative Audit Findings – SFY 2012

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

### **Status per Single Audit Report - 3/31/2014:**

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



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## Legislative Audit Findings – SFY 2013

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

**Status per 90-day follow-up report - 11/19/2014:**

- The Department disagrees with this finding and, accordingly, has not made the recommended changes. We continue to affirm the finding, and the issue is currently under review with the federal grantor.



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## Legislative Audit Findings – SFY 2013

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

**Status per 90-day follow-up report - 11/19/2014:**

- The Department disagrees with this finding and, accordingly, has not made the recommended changes. We continue to affirm the finding, and the issue is currently under review with the federal grantor.



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## Legislative Audit Findings – SFY 2013

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

**Status per 90-day follow-up report - 11/19/2014:**

- The Department disagrees with this finding and, accordingly, has not made the recommended changes. We continue to affirm the finding, and the issue is currently under review with the federal grantor.



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## Legislative Audit Findings – SFY 2013

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

### **Status per 90-day follow-up report - 11/19/2014:**

- Subsequent to the issuance of the 2013 Single Audit Report, the Department provided an Employee Certification signed in March 2014 for the payroll adjustment related to wages earned during the months of May through September 2012. In addition, the Department's corrective action indicates that they will obtain an Employee Certification for payroll adjustments over \$25,000. However, support for all payroll adjustments should be prepared timely and maintained to document compliance with the requirements in 2 CFR Part 225 Appendix B related to wages. Testing will be completed during the 2014 Single Audit Report fieldwork to ensure compliance with these requirements.



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## Legislative Audit Findings – SFY 2013

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

**Status per 90-day follow-up report - 11/19/2014:**

- The Department has stated that verbal communication from the federal grantor indicated that, if it could demonstrate that the funds were not used for matching purposes, the incurred expenditures would be an acceptable use of the funds. As such, the Department continues to disagree with this finding. However, the Department has not provided for our review any written documentation from the federal grantor allowing these expenditures.



## Questions?





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## Indirect Support Services Joint Finance-Appropriations Committee

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